PUBLIC ACCOUNTS

2007 – 2008

Yukon

Finance

PUBLIC ACCOUNTS
OF THE
GOVERNMENT OF YUKON

for the year ended March 31, 2008

Yukon
Finance

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Yukon
Office of the Minister
Box 2703, Whitehorse, Yukon Y1A 2C6

October 22, 2008

The Honourable Geraldine Van Bibber
Commissioner of Yukon

In accordance with the provisions of Section 8 of the *Financial Administration Act* (Yukon,) I have the honour to submit herewith the Public Accounts of the Government of Yukon for the fiscal year ended March 31, 2008.

Dennis Fentie
Minister of Finance

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PUBLIC ACCOUNTS OF THE
GOVERNMENT OF YUKON

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PART ONE

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

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GOVERNMENT OF YUKON

Financial Statement Discussion and Analysis for the year ended March 31, 2008

Introduction

The Public Accounts is a major accountability report of the Government of Yukon (the Government). The purpose of the financial statement discussion and analysis is to expand upon and explain information contained in the consolidated financial statements, which are presented in Part Two of the Public Accounts. Responsibility for the preparation of this discussion and analysis rests with management of the Government.

2007-08 Highlights

- The 2007-08 financial statements report an annual surplus of $41 million, which is $50 million higher than the initially budgeted amount. This is the sixth consecutive year that the Government has reported an annual surplus.

- The greater than the initially budgeted annual surplus was largely due to the following transfers from the Government of Canada, which were announced in late 2006-07, and therefore, were not identified in the Government's 2007-08 Main Estimates:
  - $25.0 million Building Canada Plan;
  - $ 5.0 million Ecotrust for Clean Air and Climate Change;
  - $ 4.5 million Patient Wait Times Guarantee Trust; and,
  - $ 3.8 million Community Development Trust.

  The Building Canada Plan was created to fund strategic investments in projects designed to produce results in three areas of national importance: a growing economy; a clean environment; and strong and prosperous communities. The Government is to receive $182.9 million in seven annual installments of $26.1 million.

- At March 31, 2008, the Government reported an accumulated surplus of $752 million and net financial resources of $306 million. The Government has maintained the accumulated surplus and net financial resources positions since 1981-82. To have net financial resources means a government has more financial assets than liabilities that are readily available to finance its future operations.

- In February 2008, the Auditor General of Canada issued a report to the Legislative Assembly concluding that the Government's investments in asset-backed commercial paper (ABCP) did not meet the conditions set out in the *Financial Administration Act*. This is also noted in the Auditor's Report on the financial statements for the year ended March 31, 2008. The Government had been investing in ABCP since 1990. In January 2008, an investment policy was implemented that prohibits further investment in ABCP.

- The Government continues to have a strong cash position. At March 31, 2008, the Government held $165 million in cash, cash equivalents and temporary investments. This is equivalent to 84% of the Government's total liabilities.

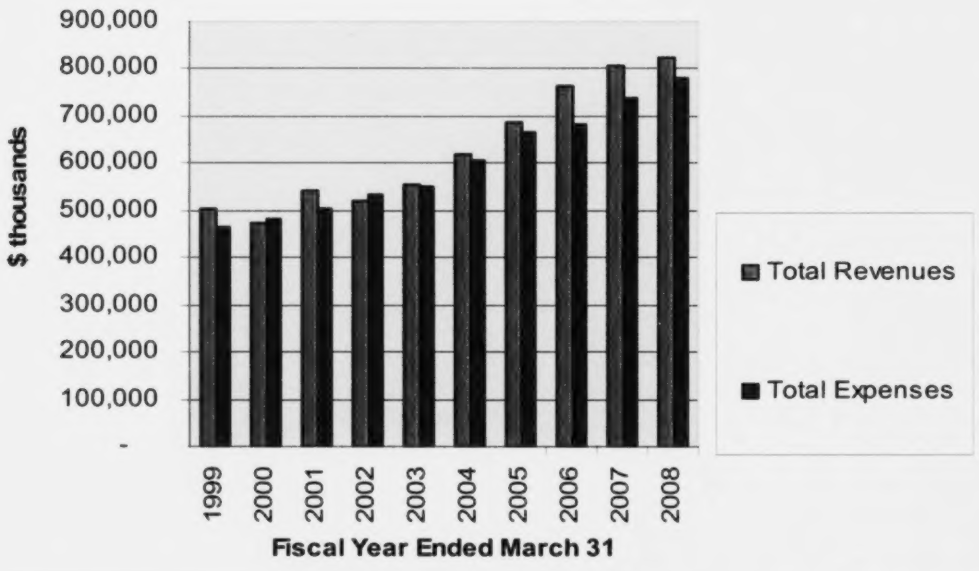
Surplus for the Year

The Government's annual surplus or deficit resulting from its operations depends on various factors. Two of the most significant factors are:

- total revenues, of which the Formula Financing grant from the Government of Canada makes up the largest share, less:
- direct government spending and operating transfers to individuals and other public organizations, such as municipalities.

The chart below illustrates the trend between revenues and spending over the last 10 years. The amounts are taken directly from the respective year's Public Accounts, without reflecting changes in accounting policies over the years.

1998-99 to 2007-08 Revenues and Expenses



Reporting of an annual surplus or deficit is affected by accounting policies used to calculate revenues and expenses. During the ten years reflected above, there were two significant accounting policy changes. Since 2004-05, the Government has used full accrual accounting, whereby expenditures for tangible capital asset acquisitions and developments are capitalized and, therefore, not reported as expenses. Instead, the cost of the asset is allocated over its estimated useful life and a portion is reported as an amortization expense. Since 2005-06, Yukon College and the Yukon Hospital Corporation's financial statements have been included as part of the Government's reporting entity.

Financial Statement Discussion and Analysis for the year ended March 31, 2008

Revenues

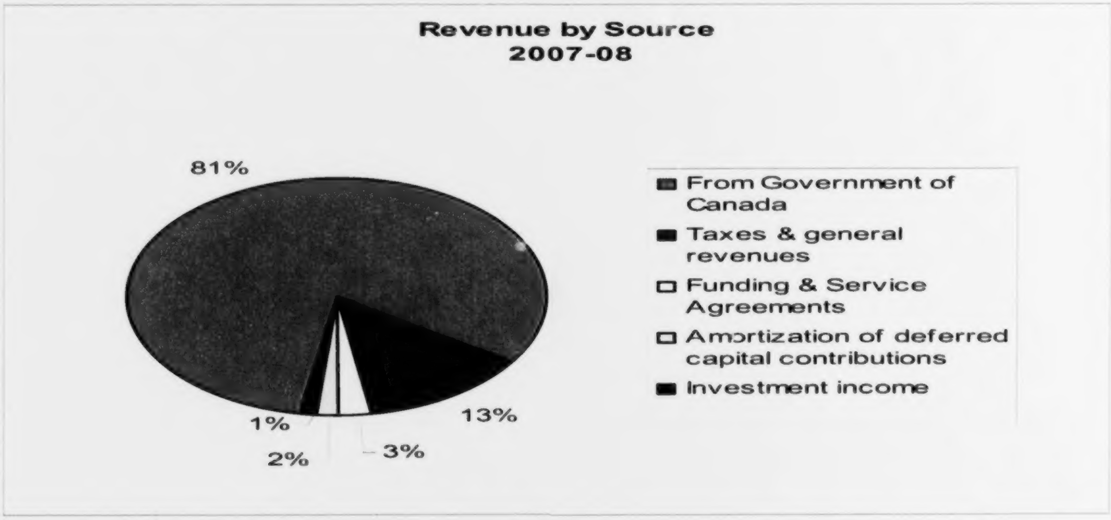
In 2007-08, revenues increased to $824 million from $806 million in the previous year.

The Government receives the majority of its revenues from the Government of Canada as a Formula Financing grant. In 2007-08, the Government received $544 million as a Formula Financing grant. This was an increase of $27 million or 5% from the previous year. For the years 2007-08 to 2013-14, the Government of Canada has, under Bill C-52, *the Budget Implementation Act, 2007*, restored the Formula Financing grant to a principle-based arrangement. This means that future amounts may vary based on a number of factors such as the population of the territory.

In addition to the Formula Financing grant, the Government receives grants for specific purposes from the Government of Canada. The most significant of those in 2007-08 was the Building Canada Plan, the purpose of which is to support investments in infrastructure that will deliver tangible results for a stronger economy, a cleaner environment and more prosperous communities. The Government will receive annual installment payments of $26.1 million from the Building Canada Plan for a period of seven years from 2008 to 2014.

Taxes and general revenues include corporate income, personal income, tobacco, liquor, fuel, and property taxes, oil and gas resource revenues and licences and fees such as motor vehicle licences and business/professional fees. Taxes and general revenues have increased by $6 million to $104 million from the previous year. This increase is mainly attributable to an increase in income tax revenues ($9 million).

The income from investment in government business enterprises of $10 million ($9 million in the previous year) reported in the financial statements represents the net results of government corporations that are categorized as government business enterprises. Government of Yukon business enterprises include the Yukon Liquor Corporation, Yukon Government Fund Limited and the Yukon Development Corporation, which reports its results consolidating the Yukon Energy Corporation.

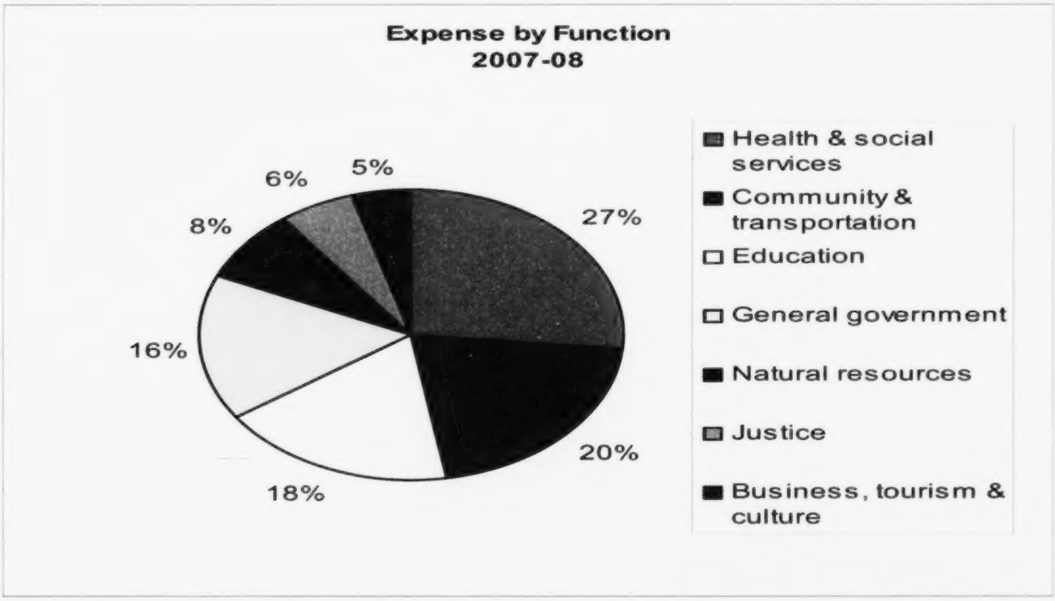


Expenses

In 2007-08, the ratio of expenses by function remained consistent with the previous year, with health and social services, community and transportation, and education comprising 65% of total expenses (67% in 2006-07).

Over all, expenses increased by 7% or $55 million to $794 million from the previous year's expenses of $739 million. The largest increase was in the general government function, with an increase of $27 million, followed by $15 million increase in health and social services. The increase in the general government function was largely due to increased transfer payments corresponding to the funding received from the Government of Canada under the Northern Housing Trust Fund.

The following is a chart of expenses by function:



As for the type of expenses, the highest percentage was spent on wages and benefits (44%), followed by procurement of goods and services (33%), transfer payments (18%) and amortization expenses (5%). This ratio is consistent with the previous year.

Retirement Benefits Plan Amendment

In May 2007, the Government implemented a plan amendment for retirees' extended health care benefits. Until April 2007, the Government contributed approximately 65% of the benefit costs. Effective May 2007, the Government changed the level of its contributions. Under the new contribution structure, the Government contributes a percentage of the cost depending on the years of service provided by the retiree. More details for this plan amendment are provided in Note 14(f) of the consolidated financial statements. This change resulted in a reduction in the liability for this future benefit and an increase in the Government's surplus for the year of $9.6 million. As this event was not considered to occur frequently, the amount is disclosed separately on the Statement of Operations.

Prior year adjustment

During 2007/2008, the Government changed its accounting policy regarding the recognition and estimation method for environmental liabilities. As a result, an additional $3.2 million has been recognized as a liability. Prior to 2007/2008, it was the Government's policy to record an environmental liability only when Environmental Site Assessments, often referred to Phase II ESA, is completed and a remedial cost is estimated in a plan of restoration. Starting the fiscal year 2007/2008, the Government records an environmental liability as soon as the existence of contamination is confirmed and the Government is obligated to incur the cost of remediation, based on its best estimate utilizing the information available at the time of recording.

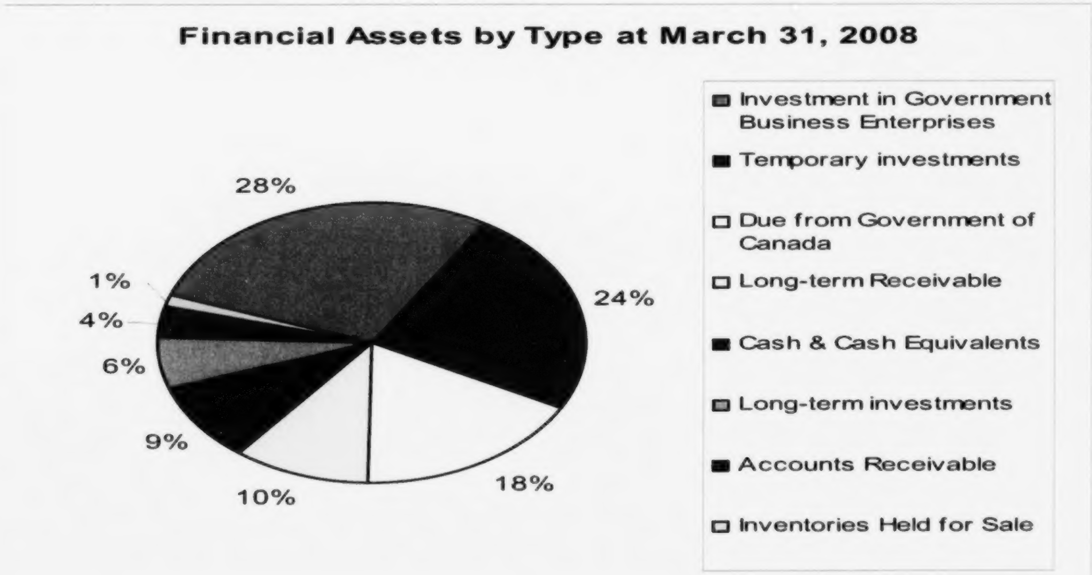
This adjustment has been applied retrospectively.

Assets

Financial Assets

Financial assets consist of assets available to discharge existing liabilities or to finance future activities. At March 31, 2008, total financial assets were $504 million, an increase of $34 million from the previous year. This increase is mainly attributable to the increase in grants receivable from Canada.

Financial assets by type are shown below:



Investment in government business enterprises

Investment in government business enterprises, which is the largest component of the Government's financial assets, represent equities of self-sustainable corporations, the largest of which is the Yukon Development Corporation. The Yukon Energy Corporation, which supplies and sells power in the Yukon, is a wholly-owned subsidiary of the Yukon Development Corporation.

Temporary investments and cash and cash equivalents

Temporary investments are investments with maturity dates longer than 90 days, at the time of purchase, but less than one year. Temporary investments consist of banker's acceptance, bearer deposit notes and Government of Canada treasury bills. Cash and cash equivalents are comprised of cash on hand, bank balances, funds held in trust accounts on behalf of the Government and short-term investments that mature less than 90 days from the date of purchase.

At March 31, 2008, the Government's cash and cash equivalents were $45 million, compared to $202 million as of March 31, 2007. The Government had $120 million in temporary investments at March 31, 2008, compared to $2 million of the previous year.

Due from Government of Canada

$88 million that is due from the Government of Canada is an increase of $40 million from the previous year. This increase is largely due to the entitlement and receivable recorded for grants under the Building Canada Plan ($25 million) and Community Development Trust ($3.8 million). Unpaid claims from Indian and Northern Affairs Canada for services that the Government provides increased by $11 million, from $14 million to $25 million.

Long-term receivable

The Government has long-term receivable of $51 million; 67% of long-term receivable, or $34 million, are Yukon Housing Corporation mortgages receivable, followed by 18% or $9 million in land-sale related loans receivable that are also administered by the Yukon Housing Corporation. A slight increase ($2.5 million or 5%) from the previous year was due to an increase in land-sale related loans.

Long-term investments

At March 31, 2008, the Government held non-bank-sponsored asset-backed commercial paper ("ABCP") with a maturity value of $36.5 million. These investments were purchased at a cost of $36.3 million in July and August of 2007 and matured during the months of August and September 2007 but, as a result of liquidity issues in the ABCP market, did not settle on maturity. These investments held by the Government were rated by the Dominion Bond Rating Service as R-1 (high), which is of the highest credit quality.

Since August 2007, a restructuring plan for certain ABCP investments, including those held by the Government, was developed by a committee consisting of major investors. After being subject to several court proceedings, this restructuring plan is expected to be implemented in November 2008. Under the plan, the Government is to receive interest bearing notes with a value of approximately $36.3 million. All notes are expected to be repaid starting in 2013 and ending in 2016. Approximately 89 per cent of the restructured notes that the Government will receive are expected to have a high credit rating ("AA"). As the Government's investments in ABCP that are subject to the restructuring plan are no longer current in nature, these investments are classified as long-term investments.

While the Government expects to receive the full value of its $36.3 million original investments at maturity plus interest, as required by Canadian generally accepted accounting principles, the Government has estimated the value of its ABCP holdings at March 31, 2008 using a probability-weighted discounted cash flow valuation technique. Based on the valuation, the Government has recorded an accounting valuation adjustment in the amount of $6.2 million as at March 31, 2008. This accounting valuation adjustment will be eliminated over time as the investments move closer to their maturity dates.

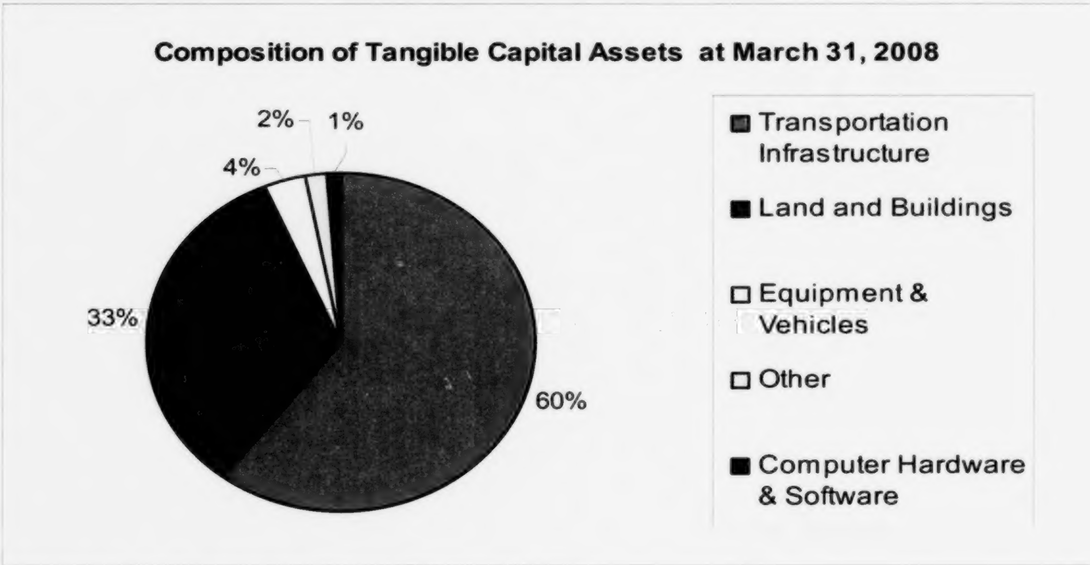
Non-financial assets

Non-financial assets are assets that do not normally provide resources to discharge existing liabilities, but instead are normally used to deliver government services or may be consumed in the normal course of operations. Non-financial assets include tangible capital assets, inventories, and prepaid expenses.

Tangible capital assets

At March 31, 2008, the Government owned and used tangible capital assets valued at $946 million for its program delivery, up $21 million from the previous year of $925 million. Of those assets, $507 million or 54%, are either funded by other governments or transferred from the Government of Canada as part of the transfer of various program responsibilities.

Tangible capital assets are composed of the following types:



Transportation infrastructure comprises highways, bridges and airport runways. In accordance with the recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, the value of transferred Crown land is not reported as tangible capital assets.

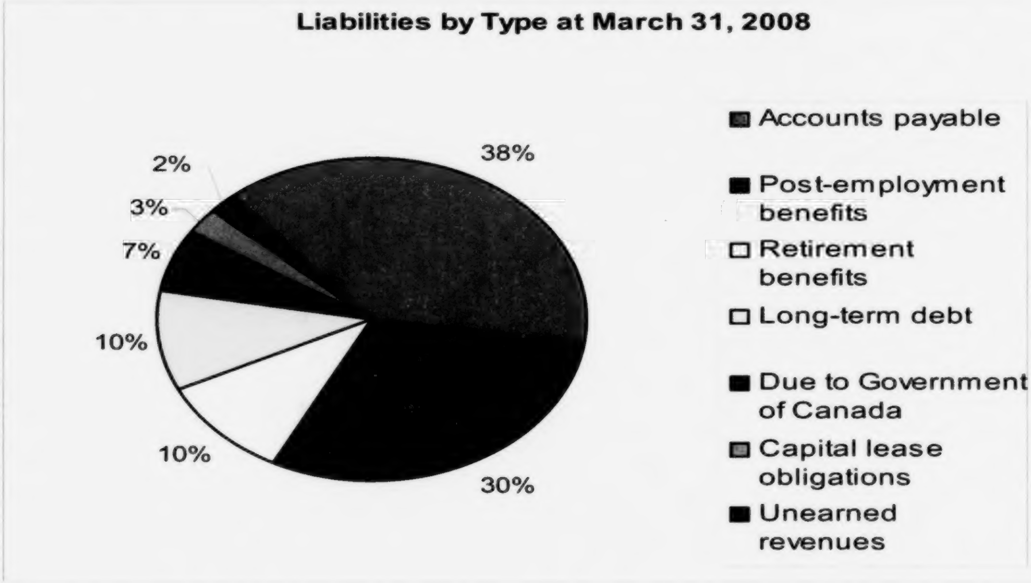
In 2007-08, the Government made the following investment in tangible capital assets:

	(millions)
Opening balance at April 1, 2007	$925
Investment during the year	60
Less: Disposal and write-downs	(1)
Amortization	(38)
Balance at March 31, 2008	$946

Of the $60 million invested in tangible capital assets during the year, $35 million was funded by other governments. The largest capital funding the Government received in the fiscal year 2007-08 was from the U.S. Government under the Shakwak Agreement for reconstruction of the Alaska Highway. In 2007-08, the Government received $29 million (2007 - $42 million) pursuant to the Shakwak Agreement.

Liabilities

The liabilities of the Government at March 31, 2008 totaled $197 million ($204 million at March 31, 2007), which is equivalent to 39% of the financial assets of the Government. The total composition of liabilities by category remained reasonably consistent with the previous year.



Accounts payable

Accounts payable includes accrued liabilities that were estimated prior to the receipt of actual invoices. The total accounts payable and accrued liabilities of $75 million at March 31, 2008 is within 1% of the previous year's total of $76 million.

Post-employment benefits

The Government's second largest liability, after accounts payable, is post-employment benefits. Post-employment benefits are to be provided to employees after employment but before retirement. These benefits consist of severance pay, sick leave and vacation leave benefits that are paid in cash when employment is terminated. Following the recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, the Government uses an actuary to estimate its post-employment benefit liability. As no money is set aside to fund this liability, the total future benefit obligation equals the liability. The post-employment benefit liability at March 31, 2008 was $60 million ($54 million at March 31, 2007).

Retirement benefits

The retirement benefit liability of $21 million at March 31, 2008 represents the Government's extended health benefits that are provided to retired employees as well as various pension plan liabilities. The retirement benefit liabilities include those pension plan liabilities for the Members of Legislative Assembly, territorial court judges and employees of Yukon College and the Yukon Hospital Corporation. As the Yukon government employees participate in the Public Service Pension Plan administered by the Government of Canada, there is no pension liability for Government of Yukon employees. The Government contributed $27 million to the Public Service Pension Plan in 2007-08 (2007 - $24 million) as the employer's share.

In May 2007, the Government changed the level of its contributions towards retirees' extended health benefits. Until April 2007, the Government contributed approximately 65% of the benefit costs. Under the new contribution structure, the Government contributes a percentage of the cost depending on the years of service provided by the retiree. This change resulted in a reduction in the retirement benefit liability as at April 1, 2007 of $9.6 million.

In the most recent actuarial valuations, both the Yukon College Employee Pension Plan and the Yukon Hospital Corporation Employee Pension Plan reported a deficit on a solvency basis. In order to address these solvency deficits, the Government has provided a funding commitment to the College to cover increased pension costs up to 2015 to a maximum of $4.1 million and to the Yukon Hospital Corporation totaling $4.2 million over the next three fiscal years.

Long-term debt

The largest portion of the $20 million reported as long-term debt is mortgages payable by the Yukon Housing Corporation totaling $16 million.

Net Financial Resources and Accumulated Surplus

At March 31, 2008, the Government's financial assets exceed its liabilities, resulting in net financial resources of $307 million ($266 million at March 31, 2007). This important indicator shows that the Government has financial resources on hand at the time of reporting to finance future operations and that the Government is not relying on future revenues to provide current services.

Accumulated surplus consists of net financial resources and non-financial assets such as tangible capital assets. The accumulated surplus of the Government at March 31, 2008 was $752 million ($711 million at March 31, 2007).

Cash Flows

Cash provided by operating transactions decreased by approximately $60 million from the previous year. While the total cash receipts were almost same as the previous year, cash paid for operating transactions increased in all areas of operations. The Government paid $17 million more in salary and wages, $22 million more in other expenses such as materials and contract services, and $20 million more in transfer payments. Interest payments on long-term debt were the only expense area where the cash payout decreased.

While the Government used more cash in operating activities, less cash was used for acquisition and development of tangible capital assets.

PART TWO

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The preparation of the consolidated financial statements of the Government of Yukon is the responsibility of management of the Department of Finance.

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) for the public sector. Where GAAP permits alternative accounting methods, management has chosen those that are most appropriate. Where required, management's best estimates and judgement have been applied in the preparation of these statements.

The Government fulfills its accounting and reporting responsibilities, through the Department of Finance, by maintaining systems of financial management and control designed to provide timely and reliable information to users, to properly safeguard assets, and to ensure all financial transactions are in accordance with the *Yukon Act* (Canada), *Financial Administration Act* (Yukon) and regulations.

The Auditor General of Canada performs an annual audit on the consolidated financial statements in order to express an opinion as to whether the consolidated financial statements present fairly, in all material respects, the financial position of the Government, the results of its operations, the change in its net financial resources and its cash flows for the year, in accordance with GAAP for the public sector. During the course of the audit, she also examines transactions that have come to her notice, to ensure they are, in all significant respects, in accordance with the statutory powers of the Government and those organizations included in the consolidation.

Annually, the consolidated financial statements are tabled in the Legislative Assembly as part of the Public Accounts, and are referred to the Public Accounts Committee.

David Hrycan

David Hrycan, CMA
Deputy Minister of Finance

September 25, 2008

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Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Legislative Assembly of Yukon

I have audited the consolidated statement of financial position of the Government of Yukon as at March 31, 2008 and the consolidated statements of operations and accumulated surplus, change in net financial resources and cash flows for the year then ended. These financial statements are the responsibility of the Government. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Government, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Government as at March 31, 2008 and the results of its operations, the change in its net financial resources, and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

During the year ended March 31, 2008, as described in note 8, the Government invested a total of $223 million in non-bank asset-backed commercial paper. These investments did not comply with the investment policies included in subsection 39(1) of the *Financial Administration Act*.

Further, in my opinion, except as described in the above paragraph, the transactions of the Government and of those organizations listed in note 2(a) to the consolidated financial statements that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with the Government's powers under the *Yukon Act* and the *Financial Administration Act* and regulations and the legislative authorities and by-laws governing the organizations listed in note 2(a).

Sheila Fraser

Sheila Fraser, FCA
Auditor General of Canada

Vancouver, Canada
September 10, 2008, except as to note 8 which is as of September 25, 2008

240 rue Sparks Street Ottawa Ontario K1A 0G6

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GOVERNMENT OF YUKON

Consolidated Statement of Financial Position
as at March 31, 2008

	2008	2007 (Restated - Note 3)
	(thousands of dollars)	
Financial assets		
Cash and cash equivalents (Note 4)	$ 45,393	$ 201,694
Temporary investments (Note 5)	120,014	1,948
Due from Government of Canada (Note 6)	88,349	48,491
Accounts receivable (Note 7)	18,245	17,355
Long-term investments (Note 8)	30,148	-
Long-term receivable (Note 9)	51,401	48,893
Inventories held for sale (Note 10)	6,682	12,336
Investment in government business enterprises (Note 11(a))	143,310	139,283
	503,542	470,000
Liabilities		
Due to Government of Canada (Note 6)	12,854	12,158
Accounts payable and accrued liabilities (Note 12)	75,340	75,951
Unearned revenues	4,128	4,545
Post-employment benefits (Note 13)	59,632	54,118
Retirement benefits (Note 14)	20,587	30,522
Long-term debt (Note 15)	19,535	20,834
Capital lease obligations (Note 16)	4,984	5,963
	197,060	204,091
Net financial resources	**306,482**	**265,909**
Non-financial assets		
Tangible capital assets (Note 18)	946,177	925,358
Less deferred capital contributions (Note 19)	(507,493)	(486,546)
Inventories of supplies	5,299	4,933
Prepaid expenses	1,538	1,445
	445,521	445,190
Accumulated surplus	**$ 752,003**	**$ 711,099**

Contingencies, contractual obligations and guarantees
(Notes 11, 22, 24, 25, and 26)

The accompanying notes and schedules are an integral part of these consolidated financial statements.

Approved:

David Hrycan

David Hrycan, CMA
Deputy Minister of Finance

Dennis Fentie
Minister of Finance

GOVERNMENT OF YUKON

Consolidated Statement of Operations and Accumulated Surplus
for the year ended March 31, 2008

	2008		2007
	Budget (Note 1(b))	Actual	Actual (Restated - Note 3)
	(thousands of dollars)		
Revenues (Schedule A)			
From Government of Canada	$ 645,411	$ 673,634	$ 658,819
Taxes and general revenues	92,323	103,806	98,374
Income from investment in government business enterprises	6,108	10,417	9,445
Funding and service agreements with other parties	23,200	21,562	25,325
Amortization of deferred capital contributions	13,732	14,184	13,813
	780,774	823,603	805,776
Expenses (Note 20)			
Health and social services	209,855	211,803	196,722
Community and transportation	158,811	162,205	167,587
Education	139,847	141,952	132,329
General government	141,975	130,424	103,364
Natural resources	64,539	64,395	58,417
Justice	43,871	44,853	40,956
Business, tourism and culture	37,556	36,188	37,594
Interest on loans	2,082	1,688	2,083
	798,536	793,508	739,052
Recovery of prior years' expenses	-	1,190	503
Surplus before amendment	(17,762)	31,285	67,227
Retirement benefits plan amendment (Note 14(f))	8,771	9,619	-
Surplus for the year	**$ (8,991)**	**40,904**	**67,227**
Accumulated surplus at beginning of year		711,099	647,077
Prior year adjustment (Note 3)		-	(3,205)
Accumulated surplus at beginning of year, restated		711,099	643,872
Accumulated surplus at end of year		**$ 752,003**	**$ 711,099**

The accompanying notes and schedules are an integral part of these consolidated financial statements.

GOVERNMENT OF YUKON

Consolidated Statement of Change in Net Financial Resources for the year ended March 31, 2008

	2008		2007
	Budget (Note 1(b))	Actual	Actual (Restated - Note 3)
	(thousands of dollars)		
Surplus for the year	$ (8,991)	$ 40,904	$ 67,227
Effect of change in tangible capital assets			
Acquisitions	(79,937)	(59,770)	(91,038)
Capital contributions received and deferred	38,120	35,147	47,222
Amortization of tangible capital assets	34,589	38,488	36,560
Amortization of deferred capital contributions	(13,732)	(14,115)	(13,813)
Loss on disposal of tangible capital assets	-	115	225
Proceeds on disposal of tangible capital assets	-	300	308
Write-down of tangible capital assets	-	48	92
Write-down of deferred capital contributions	-	(85)	-
	(20,960)	128	(20,444)
Effect of change in other non-financial assets			
(Increase) decrease in inventories of supplies	-	(366)	85
Increase in prepaid expenses	-	(93)	(282)
	-	(459)	(197)
Increase (decrease) in net financial resources	**$ (29,951)**	**40,573**	**46,586**
Net financial resources at beginning of year		265,909	222,528
Prior year adjustment (Note 3)		-	(3,205)
Net financial resources at beginning of year, restated		265,909	219,323
Net financial resources at end of year		**$ 306,482**	**$ 265,909**

The accompanying notes and schedules are an integral part of these consolidated financial statements.

GOVERNMENT OF YUKON

Consolidated Statement of Cash Flows
for the year ended March 31, 2008

	2008	2007
	(thousands of dollars)	
Operating transactions		
Cash received from:		
Government of Canada	$ 641,803	$ 662,140
Taxes and general revenues	101,839	86,072
Funding and service agreements with other parties	21,894	18,931
Interest from investments and loans	12,331	11,448
	777,867	778,591
Cash paid for:		
Salary, wages and benefits	344,171	326,620
Materials, utilities and contract services	262,373	240,027
Transfer payments	138,635	118,330
Interest on loans and capital leases	2,480	2,903
	747,659	687,880
Cash provided by operating transactions	30,208	90,711
Capital transactions		
Acquisition of tangible capital assets	(60,152)	(95,706)
Contributions received for acquisition	26,863	54,972
Proceeds on sale of tangible capital assets	300	308
Cash used for capital transactions	(32,989)	(40,426)
Investing transactions		
(Increase) decrease in temporary investments	(118,066)	6,244
Increase in long-term investments	(36,349)	-
Investment in land held for sale	(4,438)	(6,190)
Proceeds from sale of land held for sale	7,879	8,488
Loans advanced	(9,509)	(9,108)
Loans repaid	9,242	9,229
Cash (used for) provided by investing transactions	(151,241)	8,663
Financing transactions		
Repayment of capital lease obligations	(979)	(868)
Repayment of long-term debt	(1,300)	(3,167)
Cash used for financing transactions	(2,279)	(4,035)
(Decrease) increase in cash and cash equivalents	**(156,301)**	**54,913**
Cash and cash equivalents at beginning of year	201,694	146,781
Cash and cash equivalents at end of year (Note 4)	**$ 45,393**	**$ 201,694**

The accompanying notes and schedules are an integral part of these consolidated financial statements.

1. Authority and operations

(a) Authority

The Government of Yukon (the Government) operates under the authority of the *Yukon Act* (Canada). All disbursements for operations and loans are authorized by the Yukon Legislative Assembly.

(b) Budget

The Budget figures fully consolidate, on a line-by-line basis, the Main Estimates approved in the Legislative Assembly, which consists of the estimates of the Government departments and the Yukon Housing Corporation, with the budgets of Yukon College and the Yukon Hospital Corporation as approved by the respective Board of trustees. These figures do not reflect changes arising from the Supplementary Estimates approved later in the year by the Legislative Assembly.

(c) Investments

The *Financial Administration Act* (Yukon) allows the Government to invest money from the consolidated revenue fund in the following investments:

- securities that are obligations of, or guaranteed by, the Government of Canada or a province;
- fixed deposits, notes, certificates and other short term paper of, or guaranteed by, a bank including swapped deposit transactions in currency of the United States of America;
- commercial paper issued by a company incorporated under the laws of the Government of Canada or a province, the securities of which are rated in the highest rating category by at least two recognized security rating institutions.

The duration of the securities held depends on cash projections but usually averages under a year in length.

2. Significant accounting policies

These consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(a) Reporting entity and method of consolidation

The consolidated financial statements include the accounts of all government sector entities and government not-for-profit organizations.

Government sector entities include departments and government-controlled corporations. Government not-for-profit organizations comprise government controlled education and health institutions.

The accounts of government sector entities and not-for-profit organizations, except for those that are commercial in nature and are classified as government business enterprises, are consolidated using the full consolidation method. With the full consolidation method, revenue and expense transactions, capital, investing and financing transactions, and related assets and liability accounts between consolidated entities have been eliminated.

The accounts of government business enterprises are consolidated using the modified equity method. Under the modified equity method of consolidation, the accounting policies of consolidated entities are not adjusted to conform with those of the government organizations that are consolidated using the full consolidation method. Inter-entity revenue and expense transactions and related asset and liability balances are not eliminated.

All accounts of the government reporting entity are consolidated using the financial information for the year ended March 31, 2008. As for the organizations that use a fiscal year-end other than March 31, the Government used their interim financial statements as at March 31, 2008.

Trusts administered by the Government on behalf of other parties (Note 21) are excluded from the government reporting entity.

The organizations comprising the government reporting entity, categorized by the consolidation method are as follows:

Full consolidation:

Government of Yukon departments
Yukon College
Yukon Hospital Corporation
Yukon Housing Corporation

Modified equity:

Yukon Development Corporation
Yukon Liquor Corporation
Yukon Government Fund Limited

(b) Basis of accounting

Revenues

Revenues are recorded on an accrual basis.

Grants from the Government of Canada are recognized as revenues when entitlement for the transfer occurs. The Government receives a Formula Financing grant from the Government of Canada. For the years 2007/2008 to 2013/2014, the Government of Canada has, under Bill C-52, the *Budget Implementation Act, 2007,* restored the Formula Financing grant to a principle based arrangement. Health and social transfers are received in accordance with the *Federal-Provincial Fiscal Arrangements Act* (Canada). Adjustments for health and social transfer revenues are made in the year they are known.

The Government receives funds from the Government of Canada and other sources under various cost-sharing agreements including reconstruction of the Alaska Highway, social assistance and occupational training. Revenues are recognized in the year in which the related expenses are incurred. Any adjustments upon finalization are reflected in the accounts in the year they are identified.

Income taxes, levied under the *Income Tax Act* (Yukon), are collected by the Government of Canada on behalf of the Government under a tax collection agreement and are remitted to the Government monthly. The remittances are based on the Government of Canada's Department of Finance's best estimates for the taxation year, which are periodically adjusted until the income tax assessments for the year are final. The Government recognizes income tax revenues based on the estimates made by the Government of Canada, adjusted for known factors. Any adjustments upon finalization are reflected in the accounts in the year they are identified.

Fuel and tobacco taxes are levied under the authority of the *Fuel Oil Tax Act* (Yukon) and the *Tobacco Tax Act* (Yukon). Revenues are recognized based on the statements received from collectors and estimates. Adjustments from reassessments are recorded in revenue in the year they are identified.

Expenses

Expenses are recorded on an accrual basis. Transfer payments are recorded as expenses when paid or when the terms of a contractual transfer agreement have been met.

Recovery of prior years' expenses includes reversal of amounts accrued in prior years which are in excess of actual expenses. These amounts cannot be used to increase the amount appropriated for the current year.

Assets

Financial assets

Cash and cash equivalents include cash on hand, balances with banks, funds held in trust accounts on behalf of the Government, and short-term investments that have terms to maturity of less than 90 days from the dates of acquisition.

Temporary investments include banker's acceptance, bearer deposit notes and Government of Canada treasury bills with terms of maturity of more than 90 days but less than one year from the date of acquisition. When the market value of temporary investments has declined below the carrying value, they are carried at market value.

The Government's holdings of non-bank-sponsored asset-backed commercial paper at March 31, 2008 are classified as long-term investments as they are not current in nature. Long-term investments are valued at the lower of cost and net realizable value.

Long-term receivable is stated at the lower of principal amounts and net recoverable value. Valuation allowances, which are recorded to reduce long-term receivable to their net recoverable amount, are based on historical experience, current conditions and all circumstances known at the date of the preparation of the financial statements. Interest revenue is recognized on an accrual basis until such time that the collectibility of either principal or interest is not reasonably assured.

Inventories held for sale include land that has been developed by the Government, repossessed houses and other supplies held for eventual sale. Land held for sale comprises the costs of acquiring, planning and developing serviced lots. The lots are valued at cost, except, when there has been a loss in value that is other than a temporary decline, in which case the lots are written down to net recoverable value to recognize the loss. Gains or losses on the sale of lots are recognized at the time of sale. Repossessed houses and other supplies are recorded at the lower of cost and net realizable value.

Non-financial assets

The costs of acquiring land, buildings, equipment and other capital property are capitalized as tangible capital assets and are amortized to expense over the estimated useful lives of the assets.

Inventories of supplies consist primarily of fuel and lubricants, repair parts, stationery and office supplies, highway materials that are tracked through revolving funds and medical supplies of the Yukon Hospital Corporation. Inventories are valued at the lower of cost and replacement value. These assets are not held for sale and are intended to be used in providing government services. Other materials and supplies are expensed at the time of acquisition.

Liabilities

Liabilities include financial claims payable by the Government and unearned revenues.

Unearned revenues are cash received for which goods and services have not been provided by year-end, and are primarily comprised of motor vehicle licence fees for the following fiscal years.

Capital lease obligations are recorded with a corresponding asset at the lower of the present value of the minimum lease payments, excluding the portion relating to executory costs, and the fair value of the asset. The present value is based on the Government's borrowing rate at the time the obligation is incurred.

The contingencies of the Government are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is considered likely to occur and is quantifiable, an estimated liability is accrued. If the likelihood is not determinable or the amount cannot be reasonably estimated, the contingency is disclosed.

(c) Tangible capital assets

Tangible capital assets are buildings, roads, equipment, and other items, whose useful life extends beyond the fiscal year and are intended to be used on an ongoing basis for delivering services. These assets are recorded at cost, or fair value if donated. For certain tangible capital assets that have previously been transferred from the Government of Canada or where the original costs are not readily available, estimated costs have been extrapolated back in time in a systematic and rational manner to approximate the appropriate transfer value of the assets at the time of transfer.

Transferred and cost-shared tangible capital assets are recorded upon acquisition with an offsetting deferred capital contribution that represents the value of the contribution. This deferred capital contribution is amortized as revenue on the same basis as the related asset is amortized. Tangible capital assets, when placed in service, are amortized on a straight-line basis over their estimated useful life.

The value of works of art, historical treasures, all intangibles, and items inherited by right of the Crown, such as Crown lands, forests, water, and mineral resources are not recorded as tangible capital assets. The existence of historical treasures and the total estimated value of works of art are disclosed in Note 18 of these financial statements.

Tangible capital assets that are held and available for use by the Government are reported based on the following capitalization thresholds and estimated useful lives:

Asset category	Threshold	Estimated useful life
Land	Nil	N/A
Land improvements and fixtures	$50,000	up to 50 years
Buildings	$50,000	40 - 50 years
Portable classrooms/housing trailers	$50,000	20 years
Heavy equipment	$10,000	7 - 30 years
Operating equipment	$10,000	7 - 25 years
Vehicles	$10,000	6 - 20 years
Computer hardware	$10,000	5 years
Computer software	$100,000	7 years
Leasehold improvements	$50,000	Lease term
Forestry access roads	$50,000	10 years
Highways	$250,000	30 - 50 years
Pavement	$250,000	26 years
Bridges	$250,000	30 - 50 years
Airport runways	$50,000	26 - 50 years

Tangible capital assets under construction or development are reported as work-in-progress with no amortization until the asset is placed in service.

(d) Post-employment benefits

Post-employment benefits are expected to be provided after employment but before retirement to employees. These benefits include severance benefits, accumulated sick and vacation leave benefits that are paid in cash when employment is terminated. The Government recognizes the obligation for these benefits as a liability and uses an actuary to estimate the amount of the obligation. Expenses related to post-employment benefits are recognized in the period in which the employee's service is rendered and the benefit is earned. The accrued benefit liability for these plans is calculated as the accrued benefit obligation adjusted by unamortized actuarial gains or losses.

(e) Retirement benefits

The Government's employees participate in the Public Service Pension Plan administered by the Government of Canada. The Government's contributions are expensed during the year in which the services are rendered and represent its total pension obligation. The Government is not currently required to make contributions with respect to any actuarial deficiencies of the pension plan. Other retirement benefits include extended health care for retired employees who choose to participate in the plan and a life insurance plan for retirees who meet certain criteria. Liabilities for these benefits are valued on an actuarial basis.

Retirement benefits to Members of the Legislative Assembly, territorial court judges, and the employees of Yukon College and the Yukon Hospital Corporation are defined benefit plans and are valued on an actuarial basis. Actuarial valuations of these benefits are performed triennially using the projected benefit method prorated on services, with an actuarial valuation for accounting purposes updated annually. Pension expenses for these plans are recognized as members render services. Actuarial gains and losses are amortized on a straight-line basis over the estimated average remaining service lives of the participants. The accrued benefit liability for these plans is calculated as the accrued benefit obligation less plan assets, if any, adjusted by unamortized actuarial gains or losses.

(f) Environmental liabilities

Environmental liabilities consist of the estimated costs related to the remediation of environmentally contaminated sites. An environmental liability is accrued and an expense recorded based on management's best estimates when the contamination occurs, when the Government becomes aware of the contamination or, in the case of solid waste landfill closure and post-closure care, as the landfill sites capacity is used, and the Government is obligated to incur such costs. If the likelihood of the Government's obligation to incur these costs is not determinable or if an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements. Accrued environmental liabilities are reported as part of accrued liabilities.

(g) Measurement uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires the Government to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant although, at the time of preparation of these statements, the Government believes the estimates and assumptions to be reasonable.

Some of the more significant management estimates relate to long-term investments, post-employment and retirement benefits, contingencies and revenue accruals such as Canada health and social transfer payments, and corporate and personal income tax revenue.

3. Prior year adjustment – change in an accounting policy

During the fiscal year 2007/2008, the Government changed its accounting policy regarding the recognition of environmental liabilities. Until 2006/2007, it was the Government's policy to record an environmental liability only when Environmental Site Assessments, as defined in the *Contaminated Sites Regulation* (Yukon) and generally referred to in the profession as Phase II ESA, is completed and a remedial cost is estimated in a plan of restoration. Starting in the fiscal year 2007/2008, the Government records an environmental liability when the existence of contamination is confirmed and the Government is obligated to incur the cost of remediation, based on its best estimate utilizing the information available at the time of recording. While it produces more accurate estimates, it was determined that to wait for the completion of Phase II ESA understates the Government's environmental liabilities. The amount is adjusted when more information becomes available.

The effect of this accounting change on the 2007/2008 consolidated financial statements was an increase of the 2007 opening liabilities and a decrease of the 2007 opening accumulated surplus of $3,205,000. There was no effect on the current year as a result of this change in an accounting policy.

4. Cash and cash equivalents

	2008	2007
	(thousands of dollars)	
Short-term investments	$ 27,564	$ 107,668
Funds held for the Government by trustees	9,850	73,519
Bank balances	7,914	20,438
Cash on hand	65	69
	$ 45,393	$ 201,694

5. Temporary investments

	2008		2007	
	Market Value	Book Value	Market Value	Book Value
		(thousands of dollars)		
Banker's acceptance	$ 56,717	$ 56,710	$ 1,948	$ 1,948
Bearer deposit notes	43,666	43,672	-	-
Government of Canada treasury bills	19,653	19,632	-	-
	$ 120,036	$ 120,014	$ 1,948	$ 1,948

Temporary investments during the year had a weighted average effective yield of 4.5% (2007 – 4.2%) per annum.

6. Due from/to Government of Canada

	2008	2007
	(thousands of dollars)	
Due from Government of Canada		
Cost-sharing agreements and projects delivered on behalf of the Government of Canada	$ 54,483	$ 45,424
Grants receivable	29,570	-
Income tax receivable	4,082	2,782
Other	214	285
	$ 88,349	$ 48,491
Due to Government of Canada		
RCMP	$ 4,199	$ 3,446
Payroll deductions payable	3,873	3,498
Public Service Pension Plan contribution payable	3,735	3,799
Other	1,047	1,415
	$ 12,854	$ 12,158

Amounts due from and due to Government of Canada are payable on demand and are non-interest bearing. The carrying amounts approximate fair market values because of their short term to maturity.

7. Accounts receivable

	2008	2007
	(thousands of dollars)	
Taxes, interest and other revenue receivables	$ 14,069	$ 15,268
Less valuation allowances	(1,254)	(1,409)
	12,815	13,859
Due from Territorial corporations	5,430	3,496
	$ 18,245	$ 17,355

8. Long-term investments

	2008	2007
	(thousands of dollars)	
Investments in asset-backed commercial paper	$ 36,349	$ -
Less valuation adjustment	(6,201)	(-)
	$ 30,148	$ -

At March 31, 2008, the Government held non-bank-sponsored asset-backed commercial paper ("ABCP") with a maturity value of $36.5 million, comprising $13 million in Opus Trust Series A and $23.5 million in Symphony Trust Series A. These investments were purchased at a cost of $36.3 million in July and August of 2007 and matured during the months of August and September 2007 but, as a result of liquidity issues in the ABCP market, did not settle on maturity. The Government's non-bank sponsored ABCP have not traded in the market since August 2007 and there is no market quote available. These investments held by the Government were rated by the Dominion Bond Rating Service as R-1 (high) at the time of purchase, which is of the highest credit quality, and had a yield rate of 4.7%.

On August 16, 2007, a consortium representing banks, assets providers and major investors had agreed in principle to a long-term proposal and interim agreement regarding the ABCP (commonly referred to as "the Montreal Accord"). Under this proposal, the affected ABCP would be converted into pooled long-term floating rate notes maturing no earlier than the scheduled maturity of the underlying assets. On September 6, 2007, the Pan Canadian Investors Committee for Third-Party Structured ABCP ("the Committee") consisting of major investors was created to propose a solution to the liquidity problem affecting the ABCP market, and has retained legal and financial advisors to oversee the proposed restructuring process.

Effective March 17, 2008, a court order was put in place that commits investors not to take any action that would precipitate an event of default. During the same week, the Committee announced the details of a restructuring plan (the "Plan"). On April 25, 2008, investors overwhelmingly approved the Plan. The Plan with an amendment that would allow certain investors, under specified conditions, to pursue claims of fraud against ABCP dealers, was sanctioned by the Ontario Superior Court of Justice on June 5, 2008. Some investors made motions to the Court of Appeal for Ontario for relief that includes the dismissal of the application to sanction the amended Plan. The Court of Appeal for Ontario dismissed the appeal on August 18, 2008. A few investors further sought leave to appeal to the Supreme Court of Canada; however, the Supreme Court of Canada denied leave to appeal on September 19, 2008. The Committee expects to be in a position to commence the process for implementation of the Plan by September 30, 2008 or shortly thereafter, with a view to completing implementation during the month of October.

The Plan calls for the issuing to the Government the maturity value of approximately $36.3 million in new four classes of floating rate notes: $15.8 million in A-1 notes, $16.4 million in A-2 notes, $3.0 million in B notes and $1.1 million in C notes. Generally all notes are expected to be repaid on December 20, 2016, except for Class A-1 notes that are expected to start returning principal beginning in 2013 as the underlying assets mature. Class A-1 and A-2 notes will pay quarterly interest at a rate equivalent to a banker's acceptance rate minus 0.5%. Class B notes will accrue interest at the same rate as A-1 and A-2 notes but will not payout the interest until maturity, and after all A-1 and A-2 notes are redeemed. Class C notes will accrue interest at a banker's acceptance rate plus 20% but not payout the interest until maturity and after all B notes are redeemed. All notes are backed by a combination of structured and traditional assets. Class A-1 and A-2 notes, which are approximately 89 per cent of the restructured notes, are expected to have a high credit rating ("AA") while Class B and C notes are not expected to be rated.

As the Government's investments in ABCP that are subject to the Montreal Accord and the Plan are no longer current in nature, these investments are classified as long-term investments. These investments are measured at the net recoverable value. While the Government expects to receive the full value of its $36.3 million original investments at maturity plus interest, as required by Canadian generally accepted accounting principles when there is no active market, the Government has estimated the net recoverable value of its ABCP holdings at March 31, 2008, using a probability-weighted discounted cash flow valuation technique. The valuation technique takes into consideration a successful restructuring, the specific attributes of each class of note, general market observations and all publicly available information up to the date of finalization of the financial statements. The estimated net recoverable value of the Government's investments in ABCP at March 31, 2008, is $30.1 million. The total valuation adjustment of $6.2 million is recorded as a reduction to investment income in the consolidated statement of operations. Once the restructuring is finalized, the new notes will be recorded at a discount to their maturity value. This discount will be eliminated over time as the investments move closer to their maturity dates.

Investments were made in ABCP pursuant to subsection 39(1) of the *Financial Administration Act* (Yukon) as there were liquidity agreements with banks. In February 2008, the Auditor General of Canada issued an audit report stating that the investment in ABCP did not meet the conditions set out in the Act (Note 1(c)). The Government accepted the audit opinion and, had previously in January 2008, issued a policy prohibiting further investments in ABCP. The Government had invested $1.7 billion in ABCP since the fiscal year 1989/1990, with $223 million invested in 2007/2008.

The Government continues to maintain a strong cash position. The liquidity issues in the ABCP market have not had an impact on the Government's operations.

9. Long-term receivable

	2008	2007
	(thousands of dollars)	
Yukon Housing Corporation mortgages receivable, due in varying annual amounts to the year 2023 bearing interest rates ranging from 0% to 7.25%	$ 34,078	$ 33,302
Agreements for sale of land, due in varying annual amounts over a three or five year term to the year 2013 bearing interest rates ranging from 4.75% to 7.25%	9,457	6,803
Debenture loans to municipalities, due in varying annual amounts to the year 2030, bearing interest rates ranging from 4.0% to 9.3%	4,163	4,729
Local improvement loans, due in varying annual amounts to the year 2036, bearing interest rates ranging from 2.3% to 8.9%	3,473	3,321
Business development assistance loans, due in varying annual amounts with varying terms, bearing interest rates ranging from 0.0% to 12.0%	1,818	2,363
Others	1,657	1,542
Less valuation allowances	(3,245)	(3,167)
	$ 51,401	$ 48,893

10 Inventories held for sale

	2008	2007
	(thousands of dollars)	
Land held for sale		
Raw land	$ 45	$ 45
Land under development	1,732	5,751
Developed land	4,669	6,327
	6,446	12,123
Other	236	213
	$ 6,682	$ 12,336

11. Investment in government business enterprises

(a) Summary financial statements

Summary financial statements of the government entities accounted for by the modified equity method are provided below. The Yukon Development Corporation and the Yukon Government Fund Limited have a fiscal year end of December 31. The Yukon Liquor Corporation has a fiscal year end of March 31.

	Yukon Development Corporation	Yukon Government Fund Limited	Yukon Liquor Corporation	2008 Total	2007 Total
			(thousands of dollars)		
Balance Sheet					
Assets					
Current	$ 12,622	$ 53	$ 5,832	$ 18,507	$ 20,716
Investments	1,922	-	-	1,922	2,473
Capital assets	158,706	-	1,822	160,528	153,259
Other	12,436	-	-	12,436	11,721
	$ 185,686	$ 53	$ 7,654	$ 193,393	$ 188,169
Liabilities					
Current	$ 5,422	$ 5	$ 5,098	$ 10,525	$ 6,904
Long-term debt	18,703	-	-	18,703	21,092
Other	20,121	-	734	20,855	20,890
Equity	141,440	48	1,822	143,310	139,283
	$ 185,686	$ 53	$ 7,654	$ 193,393	$ 188,169
Statement of Operations and Equity					
Revenues	$ 28,648	$ 54	$ 14,225	$ 42,927	$ 41,994
Expenses	23,148	14	8,064	31,226	32,549
Surplus	5,500	40	6,161	11,701	9,445
Remitted to the Government	-	(1,284)	(6,390)	(7,674)	(6,243)
Equity, beginning of year	135,940	1,292	2,051	139,283	136,081
Equity, end of year	$ 141,440	$ 48	$ 1,822	$ 143,310	$ 139,283

Equity represents the Government's investment in the government business enterprises.

(b) Inter-entity balances and transactions

	Yukon Development Corporation	Yukon Government Fund Limited	Yukon Liquor Corporation	2008 Total	2007 Total
			(thousands of dollars)		
Government of Yukon:					
Accounts receivable from	$ 83	$ -	$ 3,073	$ 3,156	$ 2,198
Loans receivable from	-	-	-	-	116
Accounts payable to	1,352	-	40	1,392	1,236
Long-term obligations to	2,556	-	-	2,556	3,090
Revenues from	424	1,284	7,664	9,372	8,006
Expenses to	9,215	-	2	9,217	10,129

(c) Interest rate swap agreements – Yukon Development Corporation

Interest rate swap agreements are transactions in which two parties exchange interest flows on a specified notional amount on predetermined dates for a specified period of time using agreed-upon fixed or floating rates of interest. Notional amounts upon which interest payments/receipts are based are not exchanged.

Yukon Development Corporation (YDC) has entered into an interest rate swap agreement with the Toronto Dominion Bank to reduce its exposure to fluctuations in interest rates on a portion of its debt by exchanging YDC's interest payments calculated at a floating banker's acceptance discount rate of 3.62% at March 31, 2008 (2007 – 4.35%), for fixed payments calculated at 4.62%. The swap agreement originated on March 30, 2005 and matures on March 30, 2017 with quarterly net settlements. The notional amount of the interest rate swap, which is reset quarterly to match a portion of the principal on the debt, was $6.4 million as at March 31, 2008 (2007 - $7.0 million).

(d) Commitments

Power purchase agreement - Yukon Development Corporation

In February 2007, the Yukon Energy Corporation (YEC), the wholly-owned subsidiary of YDC, signed a Power Purchase Agreement (PPA) with Minto Explorations Limited (MEL). After review by the Yukon Utilities Board and due diligence by YEC, the agreement was amended in May 2007. YEC has agreed in the PPA to finance MEL's capital contribution over seven years at an interest rate of 7.5% per annum, subject to conditions and potential adjustments, with MEL making payments annually.

YDC and YEC have agreed on certain matters related to the MEL capital cost contribution, including YDC's agreement:

- to assume from YEC the financing risk of the MEL capital cost contribution;
- to guarantee all capital cost payments by MEL to YEC under the PPA; and
- to pay directly to YEC any amount in excess of $7.2 million of the contribution required by MEL towards the cost of the power line from Minto Landing to the existing grid at Carmacks.

Construction commitments – Yukon Development Corporation

During the fiscal year 2007/2008, YEC entered into major contracts with third parties related to project management, survey, clearing and construction necessary to deliver power to the Minto mine site and the community of Pelly Crossing. The total approved budget is $37.7 million and the line is anticipated to be energized by September 30, 2008. YDC has contribution commitments from the Government for $10 million to be received in the fiscal year 2008/2009.

Rate Stabilization Fund – Yukon Development Corporation

On June 4, 2007, the Government announced the continuation of the Rate Stabilization Fund from July 1, 2007, until June 30, 2008 with YDC. On May 16, 2008, the Government announced the continuation of the Rate Stabilization Fund from July 1, 2008, until June 30, 2009, with YDC as required by OIC 2008/70. The Rate Stabilization payments are contributions of internally generated funds.

(e) Guarantees

The Government has guaranteed debts of the Yukon Development Corporation of $18.7 million (2007-$20.6 million). In addition, the Government has guaranteed an operating demand overdraft facility to the Yukon Energy Corporation of up to $10.0 million. The Government does not expect that any significant costs will be incurred with respect to these guarantees.

(f) Subsequent event

Mayo to Dawson City transmission line project – Yukon Development Corporation

YEC completed the construction of the Mayo to Dawson City transmission line project during 2003. Subsequent to energization of the line, YEC and the general contractor notified each other that they had numerous claims arising out of the agreement and the construction of the line. These claims totalled several million dollars on a net basis.

Third-party proceedings were initiated by both YEC and the general contractor against other consultants and subcontractors to the project. Documents were exchanged between all parties by July 2008 and examinations for discovery were to commence in the fall of 2008. On August 29, 2008, however, YEC and the general contractor reached an out-of-court settlement, in which YEC agreed to pay $3 million to the general contractor.

12. Accounts payable and accrued liabilities

	2008	2007 (Restated - Note 3)
	(thousands of dollars)	
Accrued liabilities	$ 37,937	$ 36,597
Accounts payable	26,566	31,332
Contractors' holdbacks and security deposits	6,189	5,589
Due to Territorial corporations	4,648	2,433
	$ 75,340	$ 75,951

13. Post-employment benefits

	2008	2007
	(thousands of dollars)	
Severance benefits	$ 45,741	$ 43,934
Sick leave obligation	16,120	15,125
Vacation leave obligation	14,460	11,917
Unrecognized net actuarial loss	(16,689)	(16,858)
	$ 59,632	$ 54,118

Severance benefits are paid on termination of service or upon retirement.

If an employee has at least five years of continuous service, a cash-in of sick leave will be paid on termination of service or upon retirement. The cash-in amount is calculated as 1/3 of unused sick leave credits to a maximum of 60 days multiplied by the daily pay rate at termination or retirement.

The actuarial obligation for sick and vacation leave and severance benefits is calculated using the projected benefit method prorated on service. In projecting the accrued obligation for these benefits as at March 31, 2008, the Government assumed a discount rate of 5.75% and general salary increases of 2.5%. The net actuarial loss is amortized over the expected average remaining service life of the active employees of 10.4 years.

Expenses related to post-employment benefits for the year ended March 31, 2008 were $12,028,000 (2007 - $9,854,000). Benefits paid by the Government from the post-employment benefits liability during the year amounted to $6,504,000 (2007 - $5,401,000). Post-employment benefits are not funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

14. Retirement benefits

(a) Public Service Pension Plan

The employees of the Yukon Government and the Yukon Housing Corporation participate in the Public Service Pension Plan administered by the Government of Canada. In this plan, employees accumulate pension benefits up to a maximum period of 35 years at 2% per year of pensionable service based on the average of their five consecutive years of highest paid services. Until December 31, 2007, the Government contributed $2.14 for every dollar contributed by the employee, and $7.00 for every dollar contributed by the employee for the portion of the employee's salary above $126,500. Effective January 1, 2008, the Government contributes $2.02 for every dollar contributed by the employee, and $7.30 for every dollar contributed by the employee for the portion of the employee's salary above $130,700. The Government's contributions to the Public Service Pension Plan during the year and recorded as expenses were $26,726,000 (2007 - $24,276,000).

(b) Legislative Assembly Retirement Allowances Plan

The Legislative Assembly Retirement Allowances Plan is a contributory defined benefit pension plan. In addition to retirement allowances, the plan also contains a provision for payment of lump sum death and severance allowances. These benefits are based on service and/or earnings. The Members' Services Board of the Legislative Assembly is responsible, pursuant to the *Legislative Assembly Retirement Allowances Act* (Yukon), for the administration of the Plan.

The funds are held by an investment manager in two different accounts. The first account holds the assets of the trust fund for the registered pension plan established pursuant to Parts 1 and 2 of the *Legislative Assembly Retirement Allowances Act*. The second account holds the assets of the Government, from which benefits under Part 3 of the *Legislative Assembly Retirement Allowances Act* are paid. It is the Government's policy to fully fund Parts 1 and 2 of this pension plan.

The *Legislative Assembly Retirement Allowances Act* stipulates that actuarial valuations for funding purposes must be performed at least triennially. An actuarial valuation is based on a number of assumptions about future events, such as inflation rates, interest rates, salary increases and member turnover and mortality. The assumptions used in a valuation for funding purposes are based on the actuary's best estimates with margins for conservatism. The accrued benefit obligation as at March 31, 2008 is based on an extrapolation of an actuarial valuation for funding purposes conducted as at March 31, 2005 using best estimate assumptions accepted by the Members' Services Board of the Legislative Assembly. Valuation information based on March 31, 2008 membership data will be reflected in the 2009 financial statements.

(c) Territorial Court Judiciary Pension Plan

The Territorial Court Judiciary Pension Plan is comprised of a judiciary registered pension plan, a judiciary retirement compensation arrangement and a supplementary judiciary pension plan. In addition to pension payments, these plans also contain a provision for payment of lump sum death and severance allowances. The Plan is administered by the Public Service Commissioner in the meaning assigned by the *Public Service Act* (Yukon).

The judiciary registered pension plan is a contributory defined benefit pension plan. In this plan, benefits are accumulated at an annual amount of 2% multiplied by the number of years of credited service multiplied by the annual average of the member's highest five consecutive years of earnings. A member's credited service is limited to a maximum of 35 years. The judiciary retirement compensation arrangement was established for the purpose of providing benefits to members with respect to pensionable service earnings that are in excess of the maximum pension limits of the judiciary registered pension plan as required by the *Income Tax Act* (Canada). Pursuant to the *Territorial Court Judiciary Pension Plan Act* (Yukon), the pension fund assets for these two plans are held separate and distinct from the Government's operations, and are managed by an investment manager.

The supplementary judiciary pension plan is supplemental to benefits provided under the judiciary registered pension plan and the judiciary retirement compensation arrangement. The *Territorial Court Judiciary Pension Plan Act* (Yukon) stipulates that no contributions are to be made to this plan, and no fund is to be maintained for the plan. In this plan, the annual amount of pension payable to a member equals 3% of the average annualized pensionable earnings of a member over the 24 months during which pensionable earnings are highest multiplied by the number of years of credited service, subject to a maximum of 70% of those earnings, minus actual benefits accumulated under the judiciary registered pension plan and the judiciary retirement compensation arrangement.

An actuarial valuation for the Plan was performed for accounting purposes using the membership data as at March 31, 2008. A valuation for funding purposes for the Plan was conducted as at January 31, 2006. A valuation for funding purposes as at March 31, 2008, as required by the *Territorial Court Judiciary Pension Plan Act* (Yukon), is currently being prepared by the Plan's actuary.

(d) Yukon College Employees' Pension Plan

The Yukon College Employee's Pension Plan is a contributory defined benefit pension plan. The College's pension plan provides for defined retirement benefits based on an employee's years of service and average final earnings. For any unfunded pension liability, the College is contributing the balance of the costs of the plan as determined by the actuary. The College has contracted with external organizations to provide the services of trustee, administrator, and investment manager for the pension plan.

The College's pension information included in these consolidated financial statements is based on the measurement date of June 30, 2007. The actuarial valuation for funding purposes performed by the actuary as of June 30, 2006 established the College's required contributions as 247% of employee contributions. The College contribution rate was revised to 246% effective July 1, 2007 based on an actuarial valuation performed as of June 30, 2007.

The Government has provided a funding commitment to the College to cover increased pension costs up to 2015 to a maximum of $4,140,000.

(e) Yukon Hospital Corporation Employees' Pension Plan

The Yukon Hospital Corporation Employees' Pension Plan is a contributory defined benefit pension plan, which provides defined retirement benefits based on the length of service and final average earnings of an employee, and is administered by the Corporation's Board of Trustees. A separate pension fund is maintained to hold plan assets. The Yukon Hospital Corporation has contracted with external organizations to provide trustee and investment management services for the fund.

The Yukon Hospital Corporation adopted a measurement date of December 31 in respect of its pension obligations. Consequently, both benefit obligations and plan assets are measured as of December 31 for presentation in the financial statements as of March 31. An actuarial valuation for accounting purposes was performed as of December 31, 2007. The funded status of the pension plan, which was a deficit of $4,716,000, presented in these financial statements has been determined on the basis that the pension plan remains a going-concern. The pension plan had a deficit of $5.6 million if valued on the basis that the pension plan were terminated as at December 31, 2007.

The solvency ration of the plan is 88%. Since it is less than 100%, to be in accordance with the *Federal Pension Benefits Standards Act* and Regulations, the Corporation is required to make special payments to eliminate the solvency shortfall. The payments have been actuarially determined. During the fiscal year 2007/2008, the Corporation contributed $2.4 million to the plan, of which $1.5 million related to solvency deficiency payments for 2008. The Government contributed $1 million to fund these payments. It is projected that the Corporation would need to pay for the pension deficit over the next five years totalling $6.1 million. The Government has provided a funding commitment to the Corporation to cover these payments totalling $4.2 million over the next three fiscal years.

(f) Extended health care and life insurance retirement benefits

The Government provides optional extended health care benefits to retired employees as well as life insurance coverage to eligible retirees. They are both defined benefit plans. The extended health care plan is self-insured. An actuarial valuation of these benefits was conducted as of April 1, 2007. Extended health care and life insurance retirement benefits are not funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Until April 2007, the Government contributed approximately 65% of the benefit costs. Effective May 2007, the Government changed the level of its contribution; under the new contribution structure, the Government contributes a percentage of the cost depending on the years of service provided by the retiree as indicated in the table below. This change resulted in a reduction in the accrued benefit obligation as at April 1, 2007 by $9,619,000. The Government recognized the reduction in the accrued benefit obligation as a negative past service cost in the fiscal year 2007/2008.

Years of Service	Government Contribution of Benefit Costs
Less than 5 years	0%
5 years, but less than 10 years	15%
10 years, but less than 15 years	35%
15 years, but less than 20 years	50%
20 or more years	65%

Further details as at March 31, 2008 on the accrued benefit obligation, plan assets, accrued benefit liability/asset, benefit cost and assumptions used for the above retirement benefits are provided in Schedule D. The retirement benefits liability recorded in the Government's consolidated financial statements is as follows:

	2008	2007
	(thousands of dollars)	
Accrued benefit liability (asset) (Schedule D)		
Extended health care retirement benefit	$ 27,029	$ 34,607
Territorial Court Judiciary Pension Plan	3,329	3,126
Life insurance retirement benefit	1,214	1,166
Legislative Assembly Retirement Allowances Plan	(2,584)	(1,387)
Yukon Hospital Corporation Employees' Pension Plan	(3,051)	(2,327)
Yukon College Employees' Pension Plan	(5,350)	(4,663)
	$ 20,587	$ 30,522

15. Long-term debt

	2008	2007
	(thousands of dollars)	
Mortgages, with a variety of terms, secured by fixed charges against housing projects, repayable in blended monthly payments with maturities up to the year 2029, bearing fixed interest rates ranging from 4.3% to 12.5%.	$ 15,680	$ 16,683
Canada Mortgage and Housing Corporation loans, repayable in blended annual payments with maturities up to the year 2028, bearing fixed interest rates ranging from 5.0% to 13.5%.	3,504	3,755
Flexible term note payable to the Yukon Development Corporation, bearing interest rate at 7.5% repayable in annual instalments, based on the annual energy savings realized, secured by a general security agreement on building improvements with a net book value of $447,000 (2007 - $477,000).	351	396
	$ 19,535	$ 20,834

Principal repayment requirements over the next five years on outstanding long-term debt are as follows:

	(thousands of dollars)
2009	$ 1,392
2010	1,492
2011	1,598
2012	1,636
2013	1,684
Thereafter	11,733
	$ 19,535

Debt authority

The Government of Canada, pursuant to subsection 23(2) of the *Yukon Act* (Canada), has approved the Government borrowing up to $138 million.

	2008	2007
	(thousands of dollars)	
Debt of the consolidated entities:		
Government business enterprises		
Yukon Development Corporation, long-term debt	$ 18,703	$ 20,592
Yukon Government Fund Limited, term loans	-	500
	18,703	21,092
Fully consolidated entities		
Yukon Housing Corporation, mortgages payable	15,680	16,683
Yukon Housing Corporation, CMHC loans	3,504	3,755
Government of Yukon, loans from Government of Canada (current)	-	3,154
	19,184	23,592
Total debt	37,887	44,684
Authorized borrowing limit	138,000	138,000
Available borrowing capacity	$ 100,113	$ 93,316

16. Capital lease obligations

	2008	2007
	(thousands of dollars)	
Building lease obligation payable monthly until the year 2013, with imputed interest rate of 13.5%.	$ 2,292	$ 2,608
Building lease obligation payable monthly until the year 2012, with imputed interest rate of 11.0%. The building is to be transferred to the Government for $1.00 at the end of the lease term.	2,181	2,694
Building lease obligation payable monthly until the year 2010, with imputed interest rate of 13.3%.	511	661
	$ 4,984	$ 5,963

Interest expense related to capital lease obligations for the year was $672,000 (2007- $783,000) at an imputed average interest rate of 12.6% (2007 – 12.6%).

The following is a schedule of future minimum lease payments under the capital lease obligations.

	(thousands of dollars)
2009	$ 2,164
2010	2,164
2011	2,043
2012	1,273
2013	755
Total minimum lease payments	8,399
Less: amount representing executory costs	(1,666)
amount representing rental of land	(429)
amount representing interest	(1,320)
	$ 4,984

17. Financial instruments

The balances in cash and cash equivalents, due to/from Government of Canada, accounts receivable, and accounts payable and accrued liabilities are non-interest bearing and have fair values that approximate their carrying amount due to their short term to maturity.

The fair value and the methods of calculation and assumptions used for the Government's long-term financial instruments are detailed below:

	2008		2007	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(thousands of dollars)			
Long-term investments, net of valuation adjustment	$ 30,148	$ 27,896	$ -	$ -
Long-term receivable				
Mortgages receivable, net of valuation allowance	$ 32,739	$ 30,922	$ 32,041	$ 32,207
Loans receivable, net of valuation allowance	18,662	18,662	16,852	16,852
	$ 51,401	$ 49,584	$ 48,893	$ 49,059
Long-term debt				
Mortgages payable	$ 15,680	$ 15,659	$ 16,683	$ 16,815
CMHC loans	3,504	3,883	3,755	4,128
Other	351	412	396	455
	$ 19,535	$ 19,954	$ 20,834	$ 21,398
Capital lease obligations	$ 4,984	$ 5,503	$ 5,963	$ 6,796

The estimated fair value for long-term investments is calculated using a probability-weighted discounted cash flow valuation technique. While the carrying amount is estimated using the information available as of the date of finalization of the financial statements, the fair value is estimated based on the following assumptions: a successful restructuring, the specific attributes of each class of note to be received under a restructuring and the existing underlying assets and general market observations as of March 31, 2008.

Since the above valuation approach and assumptions are based on market information available at March 31, 2008, the fair value of long-term investments may change materially in future periods as a result of fluctuations in the major elements of the valuation methodology. These changes are, however, not expected to result in a significant impact on the Government's future operations.

The estimated fair values of mortgages receivable were determined using the present value of future cash flows discounted at the March 31, 2008 average market rate for mortgages and loans with similar maturities. Until settled, the fair value of mortgages will fluctuate based on changes in interest rates. The Government believes that unrealized losses are short term in nature and the carrying amount of mortgages will be fully recovered.

The carrying value, at the lower of cost or net recoverable value, is estimated to be the fair value of loans receivable due to the nature of these loans. The carrying value of the loans receivable should not be seen as the realizable value on immediate settlement of these loans due to the uncertainty associated with such a settlement.

The estimated fair value for capital lease obligations and long-term debt is calculated by discounting the expected future cash flows at year-end market interest rates for equivalent terms to maturity.

18. Tangible capital assets

	2008 Net Book Value	2007 Net Book Value
	(thousands of dollars)	
Land	$ 8,515	$ 8,526
Buildings	305,575	312,559
Equipment and vehicles	33,214	33,376
Computer hardware and software	10,527	10,093
Transportation infrastructure	570,461	548,809
Other	17,885	11,995
(Schedule C)	$ 946,177	$ 925,358

The Government owns and/or maintains various historical sites. The Government also holds works of art with a total estimated value of $4.0 million (2007 - $3.5 million).

Leased capital assets are reported as part of the respective asset category. These leased assets are amortized on a straight-line basis over the lease term or estimated economic life. The amortization expense for the year was $635,000 (2007 - $635,000). The cost and accumulated amortization of leased capital assets that are included in the schedule of tangible capital assets are as follows:

	2008	2007
	(thousands of dollars)	
Buildings (cost)	$ 8,820	$ 8,820
Less accumulated amortization	(3,174)	(2,539)
	$ 5,646	$ 6,281

No interest was capitalized during the year.

19. Deferred capital contributions

Where the fair value has been capitalized for tangible capital assets that were transferred from a third party such as the Government of Canada, an offset is recorded as a deferred capital contribution. Funding received from a third party for the acquisition, development, construction or betterment of tangible capital assets is also treated as a deferred capital contribution. The most significant of these assets are highways, bridges and airport infrastructure. The deferred capital contribution is recognized as revenue over the useful life of the related asset.

	2008	2007
	(thousands of dollars)	
Deferred capital contributions, beginning of year	$ 486,546	$ 453,137
Add: Assets transferred or funded during the year	35,147	47,222
Less: Amortization	(14,115)	(13,813)
Write-down	(85)	-
Deferred capital contributions, end of year (Schedule C)	$ 507,493	$ 486,546

20. Expenses by object

	2008	2007
	(thousands of dollars)	
Personnel	$ 351,788	$ 327,820
Transfer payments	137,547	122,895
Contract and special services	113,554	102,769
Materials, supplies and utilities	89,707	83,488
Amortization expenses	38,488	36,560
Communication and transportation	25,608	24,715
Interest on long-term debt and capital lease obligations	2,360	2,866
Other	34,456	37,939
	$ 793,508	$ 739,052

21. Trust assets

The Government administers trust accounts on behalf of third parties which are not included in the Government's assets.

The largest such trust account, the Compensation Fund (Yukon) has a fiscal year end of December 31. Details of the assets of the Compensation Fund (Yukon), principally investments, are available from its financial statements, which are reproduced in Section III of the Public Accounts of the Government. The remaining trust assets are invested primarily in short-term and long-term bonds.

Investments are valued at the lower of cost and market. Any other assets held under administration such as property, securities and valuables are reflected in trust accounts only upon conversion to cash.

	2008	2007
	(thousands of dollars)	
Compensation Fund (Yukon)	$ 144,590	$ 148,776
Federal Gas Tax Funds under the New Deal	10,736	7,725
Forest Sector Fund	5,028	4,321
Land Title Office – Assurance Fund	3,135	2,872
Lottery Commission	2,984	2,902
Crime Prevention and Victim Services	2,953	2,707
Water Resources Bonds	2,583	2,583
Historic Resources Trust Fund	1,230	1,189
Public Guardian Trust	566	552
Other	2,305	2,356
	$ 176,110	$ 175,983

22. Contractual obligations

The Government has entered into agreements for, or is contractually obligated for, the following payments subsequent to March 31, 2008:

	Expiry Date	2009	2010 – 2019	Total
		(thousands of dollars)		
Capital projects				
- in progress at March 31, 2008	2019	$ 48,569	$ 8,037	$ 56,606
(recoverable amount)		(26,586)	(3,688)	(30,274)
RCMP policing agreement	2012	14,055	44,746	58,801
Building/office space leases	2016	6,814	12,717	19,531
Carmacks-Steward power line	2009	10,000	-	10,000
Miscellaneous operational commitments	2014	14,518	7,193	21,711
		$ 67,370	$ 69,005	$ 136,375

23. Over-expenditure

The *Appropriation Acts* (Yukon) state that the Government is not to expend grant payments except in accordance with the Act. During the year, one (2007 – one) department exceeded the authorized amounts as follows:

	(thousands of dollars)
Operations and maintenance grants	
Health and Social Services	
- Adoption subsidies	$ 32
- Federal child benefit - Whitehorse	8
- Rehabilitation subsidies	11
- Medical travel subsidies	331

24. Land claims

Between February 1995 and March 31, 2008, eleven Yukon First Nation Final and Self-government Agreements came into effect. The Government of Canada's negotiating mandate expired prior to the completion of the remaining three Yukon agreements. Settlements for these outstanding claims would not result in a general liability to the Government as they are to be funded by the Government of Canada. The Government would, however, be responsible for any financial obligations it might agree to during the negotiations.

The Government signed a bilateral funding agreement with the Government of Canada on June 24, 1993 that provides for funding towards the Government's additional implementation costs. Costs funded by this agreement include boards and councils established under the Yukon First Nation Final Agreements and implementation projects and activities. In 2003/2004 the bilateral funding agreement was amended to include the federal Northern Affairs Program implementation funding and the council and commission funding that came to Yukon as part of the Northern Affairs Program Devolution Transfer Agreement.

The Government incurred expenses of $5.3 million during the year (2007 - $4.4 million) with cumulative expenditures of approximately $50.1 million (2007 - $45.0 million), of which $49.6 million (2007 - $42.1 million) was funded by the Government of Canada.

25. Contingencies

In the normal course of operations, the Government is subject to legal claims. At March 31, 2007 the Government estimated the total claimed amount to be about $4.0 million (2007 - $2.2 million). No provision for claims has been made in these financial statements as it is not likely that any future event will confirm that a liability has been incurred at the date of the financial statements.

The Government established a Risk Management Revolving Fund in December 2004, with a limit of $5 million, which is to be used for providing insurance and risk management services to Government departments. Any expenses relating to property and liability losses incurred by the Government are to be paid out of this fund. The Government carries no insurance policy for its property losses, but carries a legal liability insurance policy with a $2 million deductible. The Government had unpaid claims against the fund in the amount of $863,000 as at March 31, 2008 (2007 - $562,000). This amount is reported as part of the Government's accrued liabilities. The fund balance as at March 31, 2008 was $3.9 million (2007 - $3.1 million).

26. Environmental liabilities

The Government recognizes that there are costs related to the remediation of environmentally contaminated sites for which the Government is responsible. As at March 31, 2008, the Government was aware of 58 sites where the Government is obligated or is likely obligated to incur such costs. Of the 58 sites, nine are airports and 21 are highway maintenance camps, the majority of which are awaiting assessment. Quantifiable portions of remediation costs for some of the sites that are known to be contaminated are currently estimated at $3,832,000, which has been recorded as a liability and reported as part of accrued liabilities. The Government estimates the contingent environmental liabilities for the sites that are awaiting assessments to be another $3.8 million. The Government is committed to assess all the sites in a systematic manner.

The *Environment Act* (Yukon) – *Solid Waste Regulations* include requirements for closure and abandonment of a dump. Twenty-three of the 58 sites identified above are active or decommissioned landfill sites that are outside incorporated communities, and therefore are the responsibility of the Government. As at March 31, 2008, a liability in the amount of $535,000 has been recorded for these sites using the method recommended by the Canadian Institute of Chartered Accountants' Public Sector Accounting Board.

One site on the Commissioner's Land has been formally designated as contaminated under the *Environment Act* (Yukon) and the *Contaminated Sites Regulation*. The Government is not a Responsible Party for this site. Negotiations during the fiscal year 2007/2008 to cost-share the remediation of this site with Indian and Northern Affairs Canada failed. The Government of Canada was the landowner when the contamination occurred. The Government has since secured the site to contain the contamination and currently has no plan to proceed with additional assessment or remediation.

Pursuant to the Devolution Transfer Agreement, the Government of Canada retained responsibility for the clean-up of waste sites that were identified on lands transferred effective April 1, 2003. The Government of Canada also accepted financial responsibility for the remediation of impacts attributable to activities that took place prior to April 2003 on the mine sites identified as Type II sites, where they have been abandoned by their owner/operator. The Government is not aware of any financial obligations in relation to these mine sites.

27. Related parties

Related party transactions not disclosed elsewhere in the financial statements are as follows:

	2008	2007
	(thousands of dollars)	
Transfer payments		
Yukon Legal Services Society	$ 1,510	$ 1,510
Yukon Arts Centre Corporation	821	956
Yukon Human Rights Commission	595	451
	$ 2,926	$ 2,917

28. Comparative figures

Certain comparative figures for 2007 have been reclassified to conform with the 2008 presentation.

GOVERNMENT OF YUKON

Schedule A

Consolidated Schedule of Revenues by Source for the year ended March 31, 2008

	2008		2007
	Budget (Note 1(b))	Actual	Actual
		(thousands of dollars)	
From Government of Canada			
Formula Financing grant	$ 543,595	$ 543,595	$ 516,819
Other grants	49,733	78,352	92,897
Contributions and service agreements	52,083	51,687	49,103
	645,411	673,634	658,819
Taxes and general revenues			
Income taxes	50,860	57,358	48,415
Other taxes	20,396	21,821	20,797
Licences, permits and fees	8,688	11,110	9,996
Investment and interest revenue	7,180	6,117	11,344
Hospital revenues	2,354	1,544	1,470
Recovery of bad debts	-	1,488	-
Oil and gas resource revenue	641	1,163	1,777
Aviation operations	738	888	772
Gain on sale of lots	146	415	1,788
Fines	408	384	406
Other revenues	912	1,518	1,609
	92,323	103,806	98,374
Income from investment in government business enterprises			
Yukon Liquor Corporation	6,108	6,161	5,920
Yukon Development Corporation	-	5,500	3,484
Yukon Government Fund Limited	-	(1,244)	41
	6,108	10,417	9,445
Funding and service agreements with other parties	23,200	21,562	25,325
Amortization of deferred capital contributions	13,732	14,184	13,813
	$ 780,774	$ 823,603	$ 805,776

Schedule B

Consolidated Schedule of Operations by Sector for the year ended March 31, 2008

	Health and Social Services		Community and Transportation		Education		General Government [1]		Natural Resources	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
					(thousands of dollars)					
Revenues										
Formula financing grant	$ -	$ -	$ -	$ -	$ -	$ -	$ 543,595	$ 516,819	$ -	$ -
Other transfers from Government of Canada	22,630	23,919	10,316	12,181	6,267	5,163	77,603	90,268	10,435	8,043
Taxes and general revenues	4,411	3,769	13,081	12,563	2,121	1,846	80,533	75,251	5,019	5,883
Funding and service agreements	6,478	5,264	11,781	14,064	6,268	7,912	1,047	699	842	635
Amortization of deferred capital contributions	1,526	1,435	12,125	11,879	196	135	387	331	38	33
Income from investment in government business enterprises	-	-	-	-	-	-	10,417	9,445	-	-
	35,045	34,387	47,303	50,687	14,852	15,056	713,582	692,813	16,334	14,594
Expenses										
Personnel	87,792	81,333	49,520	47,083	91,301	84,726	58,375	54,132	34,639	32,286
Other	83,213	76,878	56,064	60,159	34,496	31,737	36,918	32,535	23,027	20,684
Transfer payments	70,810	70,225	40,253	45,267	29,135	28,536	32,599	12,271	6,649	5,360
Amortization expenses	4,328	4,208	22,984	21,495	6,168	5,324	3,417	3,926	275	255
Interest on long-term debt and capital lease obligations	30	30	1,581	1,663	-	-	749	1,173	-	-
	246,173	232,674	170,402	175,667	161,100	150,323	132,058	104,037	64,590	58,585
Recovery of prior years' expenses	543	188	175	1	3	11	92	24	120	87
Retirement benefits plan amendment	-	-	-	-	-	-	9,619	-	-	-
Surplus (deficit) for the year	**$ (210,585)**	**$ (198,099)**	**$ (122,924)**	**$ (124,979)**	**$ (146,245)**	**$ (135,256)**	**$ 581,616**	**$ 588,800**	**$ (48,136)**	**$ (43,904)**

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[1] Includes the legislature, tax collection and administration, Formula Financing and other grants from the federal government, liquor profits, general administration and central agency services such as building maintenance, Public Service Commission, finance and IT services to all sectors.

GOVERNMENT OF YUKON

Schedule B
Continued

Consolidated Schedule of Operations by Sector
for the year ended March 31, 2008

	Justice		Business, Tourism and Culture		Adjustments [2]		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
	(thousands of dollars)							
Revenues								
Formula financing	$ -	$ -	$ -	$ -	$ -	$ -	$ 543,595	$ 516,819
Other transfers from Government of Canada	2,100	1,727	688	699	-		130,039	142,000
Taxes and general revenues	715	777	199	193	(2,273)	(1,908)	103,806	98,374
Funding and service agreements	466	541	351	1,520	(5,671)	(5,310)	21,562	25,325
Amortization of deferred capital contributions	-	-	-	-	(88)	-	14,184	13,813
Income from investment in government business enterprises	-	-	-	-	-	-	10,417	9,445
	3,281	3,045	1,238	2,412	(8,032)	(7,218)	823,603	805,776
Expenses								
Personnel	18,593	17,431	11,568	10,829	-	-	351,788	327,820
Other	21,500	19,027	11,308	10,525	(3,201)	(2,634)	263,325	248,911
Transfer payments	4,170	3,767	12,856	15,903	(58,925)	(58,434)	137,547	122,895
Amortization expenses	671	738	645	614	-	-	38,488	36,560
Interest on long-term debt and capital lease obligations	-	-	-	-	-	-	2,360	2,866
	44,934	40,963	36,377	37,871	(62,126)	(61,068)	793,508	739,052
Recovery of prior years' expenses	7	133	250	59	-	-	1,190	503
Retirement benefits plan amendment	-	-	-	-	-	-	9,619	-
Surplus (deficit) for the year	**$ (41,646)**	**$ (37,785)**	**$ (34,889)**	**$ (35,400)**	**$ 54,094**	**$ 53,850**	**$ 40,904**	**$ 67,227**

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[2] To eliminate transactions between sectors.

GOVERNMENT OF YUKON

Schedule C

Consolidated Schedule of Tangible Capital Assets for the year ended March 31, 2008

(thousands of dollars)

	Land	Buildings	Equipment and Vehicles	Computer Hardware and Software	Transportation Infrastructure	Other[1]	2008 Total	2007 Total
Cost of tangible capital assets, opening	$ 8,526	$ 514,774	$ 84,636	$ 31,154	$ 713,419	$ 15,450	$ 1,367,959	$ 1,282,673
Acquisitions	9	8,239	6,318	1,941	36,894	6,369	59,770	91,038
Write-downs	-	(5)	(40)	(3)	-	-	(48)	(92)
Disposals	(20)	(96)	(3,256)	(85)	-	-	(3,457)	(5,660)
Cost of tangible capital assets, closing	8,515	522,912	87,658	33,007	750,313	21,819	1,424,224	1,367,959
Accumulated amortization, opening	-	202,215	51,260	21,061	164,610	3,455	442,601	411,168
Amortization expense	-	15,148	6,115	1,504	15,242	479	38,488	36,560
Disposals	-	(26)	(2,931)	(85)	-	-	(3,042)	(5,127)
Accumulated amortization, closing	-	217,337	54,444	22,480	179,852	3,934	478,047	442,601
Net book value (Note 18)	**$ 8,515**	**$ 305,575**	**$ 33,214**	**$ 10,527**	**$ 570,461**	**$ 17,885**	**$ 946,177**	**$ 925,358**
Work-in-progress[2]		$ 10,392	$ -	$ 3,049	$ 55,616	$ 7,113	$ 76,170	$ 79,412
Deferred capital contributions (Note 19)		$ 60,958	$ 1,287	$ 2,361	$ 439,763	$ 3,124	$ 507,493	$ 486,546

[1] Includes portable classrooms, land improvements and fixtures.

[2] Included in net book value.

GOVERNMENT OF YUKON

Schedule D

Consolidated Schedule of Retirement Benefits
for the year ended March 31, 2008

(thousands of dollars)

Pension and retirement plan assets are valued at fair market value.

	Legislative Assembly Retirement Allowances Plan	Territorial Court Judiciary Pension Plan	Extended Health Care Retirement Benefit	Life Insurance Retirement Benefit	Yukon College Employees' Pension Plan	Yukon Hospital Corporation Employees' Pension Plan	2008 Total	2007 Total
Accrued benefit obligation								
Obligation at beginning of year	$ 17,815	$ 4,923	$ 32,424	$ 1,130	$ 35,786	$ 38,780	$ 130,858	$ 125,552
Current service costs	708	295	1,134	35	2,574	2,806	7,552	8,016
Past service cost	-	-	(9,619)	-	-	-	(9,619)	-
Interest cost on benefit obligation	1,177	335	1,370	66	2,075	2,125	7,148	7,025
Actuarial (gain) loss	-	(169)	945	238	740	1,840	3,594	(5,303)
Benefits paid	(712)	(92)	(253)	(48)	(1,959)	(1,439)	(4,503)	(4,432)
Accrued benefit obligation at end of year	$ 18,988	$ 5,292	$ 26,001	$ 1,421	$ 39,216	$ 44,112	$ 135,030	$ 130,858
Plan assets								
Value at beginning of year	$ 24,844	$ 2,674	$ -	$ -	$ 41,391	$ 37,116	$ 106,025	$ 91,277
Actual return on plan assets	(466)	208	-	-	6,486	(110)	6,118	9,037
Employer contributions	672	71	253	48	1,868	3,254	6,166	8,988
Member contributions	129	46	-	-	632	798	1,605	1,520
Benefits paid	(712)	(92)	(253)	(48)	(1,959)	(1,439)	(4,503)	(4,432)
Actual plan expenses	-	-	-	-	-	(223)	(223)	(365)
Value at end of year	$ 24,467	$ 2,907	$ -	$ -	$ 48,418	$ 39,396	$ 115,188	$ 106,025
Funded status - plan deficit (surplus)	$ (5,479)	$ 2,385	$ 26,001	$ 1,421	$ (9,202)	$ 4,716	$ 19,842	$ 24,833
Unamortized net actuarial gain (loss)	2,895	944	1,028	(207)	4,174	(6,160)	2,674	8,639
Unamortized past service costs	-	-	-	-	(322)	(748)	(1,070)	(1,307)
Employer contribution made after measurement date	-	-	-	-	-	(859)	(859)	(1,643)
Accrued benefit liability (asset) (Note 14)	$ (2,584)	$ 3,329	$ 27,029	$ 1,214	$ (5,350)	$ (3,051)	$ 20,587	$ 30,522

GOVERNMENT OF YUKON

Schedule D
Continued

Consolidated Schedule of Retirement Benefits
for the year ended March 31, 2008

							2008	2007
	Legislative Assembly Retirement Allowances Plan	Territorial Court Judiciary Pension Plan	Extended Health Care Retirement Benefit	Life Insurance Retirement Benefit	Yukon College Employees' Pension Plan	Yukon Hospital Corporation Employees' Pension Plan	Total	Total
	(thousands of dollars)							
Net benefit cost								
Current service costs	$ 708	$ 295	$ 1,134	$ 35	$ 2,574	$ 2,947 [1]	$ 7,693	$ 8,155
Less: Member contributions	(129)	(46)	-	-	(632)	(798)	(1,605)	(1,520)
Past service cost	-	-	(9,619)	-	-	-	(9,619)	-
Interest cost on benefit obligation	1,177	335	1,370	66	2,075	2,125	7,148	7,025
Expected return on plan assets	(1,617)	(175)	-	-	(2,916)	(2,685)	(7,393)	(6,471)
Amortization of past service costs	-	-	-	-	81	-	81	81
Amortization of net actuarial (gain) loss	(664)	(135)	(210)	(5)	-	-	(1,014)	(865)
Plan amendments	-	-	-	-	-	157	157	157
Net cost for the year	$ (525)	$ 274	$ (7,325)	$ 96	$ 1,182	$ 1,746	$ (4,552)	$ 6,562
Assumptions								
Expected long-term rate of return on assets	6.5%	6.5%	N/A	N/A	7.0%	7.0%		
Discount rate on accrued benefit obligation	6.5%	6.5%	5.75%	5.75%	5.50%	5.25%		
Inflation	2.5%	2.5%	N/A	N/A	2.0%	2.5%		
Rate of compensation increase	2.5% [2]	3.0%	N/A	see below [3]	4.25%	3.0%		
Health care cost trend rate	N/A	N/A	see below [4]	N/A	N/A	N/A		
Amortization period (expected average remaining service life)	8.5 years	7.7 years	10.4 years	7.6 years	9.1 years	8.8 years		

[1] Includes $141,000 for provision of administrative expenses.

[2] Annual rates of increase in indemnities and expense allowances. No salary increases are assumed.

[3] 1.2% on June 1, 2008, 1.8% on January 1, 2009, 1.2% on June 1, 2009. 2.5% per annum thereafter.

[4] 12.0% per annum, grading down annually by 1.4% per annum to 5.0% per annum and remaining at that level therafter.

PART THREE

NON-CONSOLIDATED FINANCIAL STATEMENTS

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SECTION I

GOVERNMENT OF YUKON

FINANCIAL STATEMENTS

(unaudited)

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GOVERNMENT OF YUKON

Statement of Financial Position
as at March 31, 2008

	2008	2007 (Restated - Note 3)
	(thousands of dollars)	
Financial assets		
Cash and cash equivalents (Note 4)	$ 33,592	$ 190,393
Temporary investments (Note 5)	118,001	-
Due from Government of Canada (Note 6)	87,378	47,457
Accounts receivable (Note 7)	18,072	15,353
Long-term investments (Note 8)	30,148	-
Advances to Territorial corporations (Note 9)	27,271	27,721
Loans receivable (Note 10)	20,076	18,375
Land held for sale (Note 11)	6,446	12,123
	340,984	311,422
Liabilities		
Due to Government of Canada (Note 6)	12,515	11,835
Accounts payable and accrued liabilities (Note 12)	72,073	71,691
Unearned revenues	2,548	2,644
Post-employment benefits (Note 13)	54,792	49,731
Retirement benefits (Note 14)	28,988	37,512
Capital lease obligations (Note 15)	4,984	5,963
	175,900	179,376
Net financial resources	**165,084**	**132,046**
Non-financial assets		
Tangible capital assets (Note 17)	915,591	894,337
Less deferred capital contributions (Note 18)	(509,394)	(489,517)
Inventories of supplies	4,353	4,038
Prepaid expenses	1,575	1,750
	412,125	410,608
Accumulated surplus	**$ 577,209**	**$ 542,654**

Contingencies, contractual obligations and guarantees
(Notes 21, 23, 24, 25 and 26)

The accompanying notes and schedules are an integral part of these non-consolidated financial statements.

Approved:

David Hrycan

David Hrycan, CMA
Deputy Minister of Finance

Dennis Fentie
Minister of Finance

GOVERNMENT OF YUKON

Statement of Operations and Accumulated Surplus for the year ended March 31, 2008

(thousands of dollars)

	2008		2007
	Main Estimates (Note 1(b))	Actual	Actual (Restated - Note 3)
Revenues (Schedule A)			
From Government of Canada			
Formula Financing grant	$ 543,595	$ 543,595	$ 516,819
Other grants	49,733	78,352	92,897
Contributions and service agreements	44,634	45,232	42,170
Taxes and general revenues	91,467	104,018	98,929
Funding and service agreements with other parties	14,173	17,674	19,835
Amortization of deferred capital contributions	13,732	14,189	13,794
	757,334	803,060	784,444
Expenses (Note 19 and Schedule B)	774,715	779,314	727,460
Recovery of prior years' expenses	-	1,190	503
Surplus before amendment	(17,381)	24,936	57,487
Retirement benefits plan amendment (Note 14(d))	8,771	9,619	-
Surplus for the year	$ (8,610)	34,555	57,487
Accumulated surplus at beginning of year		542,654	488,372
Prior year adjustment (Note 3)		-	(3,205)
Accumulated surplus at beginning of year, restated		542,654	485,167
Accumulated surplus at end of year		$ 577,209	$ 542,654

The accompanying notes and schedules are an integral part of these non-consolidated financial statements.

GOVERNMENT OF YUKON

Statement of Change in Net Financial Resources
for the year ended March 31, 2008

	2008		2007
	Main Estimates (Note 1(b))	Actual	Actual (Restated - Note 3)
		(thousands of dollars)	
Surplus for the year	$ (8,610)	$ 34,555	$ 57,487
Effect of change in tangible capital assets			
Acquisitions	(74,736)	(55,889)	(88,952)
Capital contributions received and deferred	38,120	34,082	47,684
Amortization of tangible capital assets	29,630	34,281	32,719
Amortization of deferred capital contributions	(13,732)	(14,189)	(13,794)
Loss on disposal of tangible capital assets	-	91	99
Proceeds on disposal of tangible capital assets	-	234	271
Write-down of tangible capital assets	-	29	92
Write-down of deferred capital contributions	-	(16)	-
	(20,718)	(1,377)	(21,881)
Effect of change in other non-financial assets			
Decrease (increase) in inventories of supplies	-	(315)	182
Decrease (increase) in prepaid expenses	-	175	(79)
	-	(140)	103
Increase (decrease) in net financial resources	$ (29,328)	33,038	35,709
Net financial resources at beginning of year		132,046	99,542
Prior year adjustment (Note 3)		-	(3,205)
Net financial resources at beginning of year, restated		132,046	96,337
Net financial resources at end of year		$ 165,084	$ 132,046

The accompanying notes and schedules are an integral part of these non-consolidated financial statements.

GOVERNMENT OF YUKON

Statement of Cash Flows
for the year ended March 31, 2008

	2008	2007
	(thousands of dollars)	
Operating transactions		
Cash received from:		
Government of Canada	$ 636,294	$ 655,900
Taxes and general revenues	98,697	83,282
Funding and service agreements with other parties	17,121	14,326
Interest from investments and loans	9,146	8,487
	761,258	761,995
Cash paid for:		
Salary, wages and benefits	299,154	279,546
Transfer payments	195,416	171,749
Other expenses	241,914	219,360
Interest on loans and capital leases	853	1,143
	737,337	671,798
Cash provided by operating transactions	23,921	90,197
Capital transactions		
Acquisition of tangible capital assets	(56,288)	(93,879)
Contributions received for acquisition	25,798	55,434
Proceeds on sale of tangible capital assets	234	271
Cash used for capital transactions	(30,256)	(38,174)
Investing transactions		
(Increase) decrease in temporary investments	(118,001)	4,971
Increase in long-term investments	(36,349)	-
Investment in land held for sale	(4,438)	(6,190)
Proceeds from sale of land held for sale	7,815	8,436
Repayment of advances from Territorial corporations	450	900
Loans advanced	(795)	(1,436)
Loans repaid	1,831	2,345
Cash (used for) provided by investing transactions	(149,487)	9,026
Financing transactions		
Repayment of capital lease obligations	(979)	(868)
Repayment of long-term debt	-	(572)
Cash used for financing transactions	(979)	(1,440)
(Decrease) increase in cash and cash equivalents	**(156,801)**	**59,609**
Cash and cash equivalents at beginning of year	190,393	130,784
Cash and cash equivalents at end of year (Note 4)	**$ 33,592**	**$ 190,393**

The accompanying notes and schedules are an integral part of these non-consolidated financial statements.

1. Authority and operations

(a) Authority

The Government of Yukon (the Government) operates under the authority of the *Yukon Act* (Canada). All disbursements for operations and loans are authorized by the Yukon Legislative Assembly.

(b) Main Estimates

The Main Estimates comparative figures are from the Main Estimates approved in the Legislative Assembly in 2007. These figures do not reflect changes arising from the Supplementary Estimates approved later in the year by the Legislative Assembly.

(c) Investments

The *Financial Administration Act* (Yukon) allows the Government to invest money from the consolidated revenue fund in the following investments:

- securities that are obligations of, or guaranteed by, the Government of Canada or a province;
- fixed deposits, notes, certificates and other short term paper of, or guaranteed by, a bank including swapped deposit transactions in currency of the United States of America;
- commercial paper issued by a company incorporated under the laws of the Government of Canada or a province, the securities of which are rated in the highest rating category by at least two recognized security rating institutions.

The duration of the securities held depends on cash projections but usually averages under a year in length.

2. Significant accounting policies

(a) Financial statements

These financial statements are prepared on a non-consolidated basis for the purpose of determining the financial resources realistically available to the Government to meet its program responsibilities.

The Government also prepares a set of consolidated financial statements following the recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(b) Basis of accounting

Revenues

Revenues are recorded on an accrual basis.

Grants from the Government of Canada are recognized as revenues when entitlement for the transfer occurs. The Government receives a Formula Financing grant from the Government of Canada. For the years 2007/2008 to 2013/2014, the Government of Canada has, under Bill C-52, the *Budget Implementation Act, 2007,* restored the Formula Financing grant to a principle based arrangement. Health and social transfers are received in accordance with the *Federal-Provincial Fiscal Arrangements Act* (Canada). Adjustments for health and social transfers are made in the year they are known.

The Government receives funds from the Government of Canada and other sources under various cost-sharing agreements including reconstruction of the Alaska Highway, social assistance and occupational training. Revenues are recognized in the year in which the related expenses are incurred. Any adjustments upon finalization are reflected in the accounts in the year they are identified.

Income taxes, levied under the *Income Tax Act* (Yukon), are collected by the Government of Canada on behalf of the Government under a tax collection agreement and are remitted to the Government monthly. The remittances are based on the Government of Canada's Department of Finance's best estimates for the taxation year, which are periodically adjusted until the income tax assessments for the year are final. The Government recognizes income tax revenues based on the estimates made by the Government of Canada, adjusted for known factors. Any adjustments upon finalization are reflected in the accounts in the year they are identified.

Fuel and tobacco taxes are levied under the authority of the *Fuel Oil Tax Act* (Yukon) and the *Tobacco Tax Act* (Yukon). Revenues are recognized based on the statements received from collectors and estimates. Adjustments from reassessments are recorded in revenue in the year they are identified.

Expenses

Expenses are recorded on an accrual basis. Transfer payments are recorded as expenses when paid or when the terms of a contractual transfer agreement have been met.

Recovery of prior years' expenses includes reversal of amounts accrued in prior years which are in excess of actual expenses. These amounts cannot be used to increase the amount appropriated for the current year.

Assets

Financial assets

Cash and cash equivalents include cash on hand, balances with banks, funds held in trust accounts on behalf of the Government, and short-term investments that have terms to maturity of less than 90 days from the dates of acquisition.

Temporary investments include banker's acceptance, bearer deposit notes and Government of Canada treasury bills with terms of maturity of more than 90 days but less than one year from the date of acquisition. When the market value of temporary investments has declined below the carrying value, they are carried at market value.

The Government's holdings of non-bank-sponsored asset-backed commercial paper at March 31, 2008 are classified as long-term investments as they are not current in nature. Long-term investments are valued at the lower of cost and net realizable value.

Loans receivable are stated at the lower of principal amounts and net recoverable value. Valuation allowances, which are recorded to reduce loans receivable to their net recoverable amount, are based on historical experience, current conditions and all circumstances known at the date of the preparation of the financial statements. Interest revenue is recognized on an accrual basis until such time that the collectibility of either principal or interest is not reasonably assured.

Land held for sale comprises the costs of acquiring, planning and developing serviced lots for eventual sale. The lots are valued at cost, except, when there has been a loss in value that is other than a temporary decline, in which case the lots are written down to net recoverable value to recognize the loss. Gains or losses on the sale of lots are recognized at the time of sale.

Non-financial assets

The costs of acquiring land, buildings, equipment and other capital property are capitalized as tangible capital assets and are amortized to expense over the estimated useful lives of the assets.

Inventories of supplies consist primarily of fuel and lubricants, repair parts, stationery and office supplies, and highway materials that are tracked through revolving funds. Inventories are valued at the lower of cost and replacement value. These assets are not held for sale and are intended to be used in providing government services. Other materials and supplies are expensed at the time of acquisition.

Liabilities

Liabilities include financial claims payable by the Government and unearned revenues.

Unearned revenues are cash received for which goods and services have not been provided by year-end, and are primarily comprised of motor vehicle licence fees for the following fiscal years.

Capital lease obligations are recorded with a corresponding asset at the lower of the present value of the minimum lease payments, excluding the portion relating to executory costs, and the fair value of the asset. The present value is based on the Government's borrowing rate at the time the obligation is incurred.

The contingencies of the Government are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is considered likely to occur and is quantifiable, an estimated liability is accrued. If the likelihood is not determinable or the amount cannot be reasonably estimated, the contingency is disclosed.

(c) Tangible capital assets

Tangible capital assets are buildings, roads, equipment, and other items, whose useful life extends beyond the fiscal year and are intended to be used on an ongoing basis for delivering services. These assets are recorded at cost, or fair value if donated. For certain tangible capital assets that have previously been transferred from the Government of Canada or where the original costs are not readily available, estimated costs have been extrapolated back in time in a systematic and rational manner to approximate the appropriate transfer value of the assets at the time of transfer.

Transferred and cost-shared tangible capital assets are recorded upon acquisition with an offsetting deferred capital contribution that represents the value of the contribution. This deferred capital contribution is amortized as revenue on the same basis as the related asset is amortized. Tangible capital assets, when placed in service, are amortized on a straight-line basis over their estimated useful life.

The value of works of art, historical treasures, all intangibles and items inherited by right of the Crown, such as Crown lands, forests, water, and mineral resources are not recorded as tangible capital assets. The existence of historical treasures and the total estimated value of works of art are disclosed in Note 17 of these financial statements.

Tangible capital assets that are held and available for use by the Government are reported based on the following capitalization thresholds and estimated useful lives:

Asset category	Threshold	Estimated useful life
Land	Nil	N/A
Land improvements and fixtures	$50,000	up to 50 years
Buildings	$50,000	40 - 50 years
Portable classrooms/housing trailers	$50,000	20 years
Heavy equipment	$10,000	7 - 30 years
Operating equipment	$10,000	7 - 25 years
Vehicles	$10,000	6 - 20 years
Computer hardware	$10,000	5 years
Computer software	$100,000	7 years
Leasehold improvements	$50,000	Lease term
Forestry access roads	$50,000	10 years
Highways	$250,000	30 - 50 years
Pavement	$250,000	26 years
Bridges	$250,000	30 - 50 years
Airport runways	$50,000	26 - 50 years

Tangible capital assets under construction or development are reported as work-in-progress with no amortization until the asset is placed in service.

(d) Post-employment benefits

Post-employment benefits are expected to be provided after employment but before retirement to employees. These benefits include severance benefits, accumulated sick and vacation leave benefits that are paid in cash when employment is terminated. The Government recognizes the obligation for these benefits as a liability and uses an actuary to estimate the amount of the obligation. Expenses related to post-employment benefits are recognized in the period in which the employee's service is rendered and the benefit is earned. The accrued benefit liability for these plans is calculated as the accrued benefit obligation adjusted by unamortized actuarial gains or losses.

(e) Retirement benefits

The Government's employees participate in the Public Service Pension Plan administered by the Government of Canada. The Government's contributions are expensed during the year in which the services are rendered and represent its total pension obligation. The Government is not currently required to make contributions with respect to any actuarial deficiencies of the pension plan. Other retirement benefits include extended health care for retired employees who choose to participate in the plan and a life insurance plan for retirees who meet certain criteria. Liabilities for these benefits are valued on an actuarial basis.

Retirement benefits to Members of the Legislative Assembly and territorial court judges are defined benefit plans and are valued on an actuarial basis. Actuarial valuations of these benefits are performed triennially using the projected benefit method prorated on services, with an actuarial valuation for accounting purposes updated annually. Pension expenses for these two plans are recognized as members render services. Actuarial gains and losses are amortized on a straight-line basis over the estimated average remaining service lives of the participants. The accrued benefit liability for these plans is calculated as the accrued benefit obligation less plan assets, if any, adjusted by unamortized actuarial gains or losses.

(f) Environmental liabilities

Environmental liabilities consist of the estimated costs related to the remediation of environmentally contaminated sites. An environmental liability is accrued and an expense recorded based on management's best estimates when the contamination occurs, when the Government becomes aware of the contamination or, in the case of a solid waste landfill closure and post-closure care, as the landfill sites capacity is used, and the Government is obligated to incur such costs. If the likelihood of the Government's obligation to incur these costs is not determinable or if an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements. Accrued environmental liabilities are reported as part of accrued liabilities.

(g) Measurement uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires the Government to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant although, at the time of preparation of these statements, the Government believes the estimates and assumptions to be reasonable.

Some of the more significant management estimates relate to long-term investments, post-employment and retirement benefits, contingencies and revenue accruals such as Canada health and social transfer payments, and corporate and personal income tax revenue.

3. Prior year adjustment – change in an accounting policy

During the fiscal year 2007/2008, the Government changed its accounting policy regarding the recognition of environmental liabilities. Until 2006/2007, it was the Government's policy to record an environmental liability only when Environmental Site Assessments, as defined in the *Contaminated Sites Regulation* (Yukon) and generally referred to in the profession as Phase II ESA, is completed and a remedial cost is estimated in a plan of restoration. Starting in the fiscal year 2007/2008, the Government records an environmental liability when the existence of contamination is confirmed and the Government is obligated to incur the cost of remediation, based on its best estimate utilizing the information available at the time of recording. While it produces more accurate estimates, it was determined that to wait for the completion of Phase II ESA understates the Government's environmental liabilities. The amount is adjusted when more information becomes available.

The effect of this accounting change on the 2007/2008 financial statements was an increase of the 2007 opening liabilities and a decrease of the 2007 opening accumulated surplus of $3,205,000. There was no effect on the current year as a result of this change in an accounting policy.

4. Cash and cash equivalents

	2008	2007
	(thousands of dollars)	
Short-term investments	$ 19,973	$ 100,732
Funds held for the Government by trustees	9,850	73,519
Bank balances	3,704	16,076
Cash on hand	65	66
	$ 33,592	$ 190,393

5. Temporary investments

	2008		2007	
	Market Value	Book Value	Market Value	Book Value
		(thousands of dollars)		
Banker's acceptance	$ 54,704	$ 54,697	$ -	$ -
Bearer deposit notes	43,666	43,672	-	
Government of Canada treasury bills	19,653	19,632	-	
	$ 118,023	$ 118,001	$ -	$ -

Temporary investments during the year had a weighted average effective yield of 4.5% per annum.

6. Due from/to Government of Canada

	2008	2007
	(thousands of dollars)	
Due from Government of Canada		
Cost-sharing agreements and projects delivered on behalf of the Government of Canada	$ 53,679	$ 44,648
Grant receivable	29,570	-
Income tax receivable	4,082	2,782
Other	47	27
	$ 87,378	$ 47,457
Due to Government of Canada		
RCMP	$ 4,199	$ 3,446
Public Service Pension Plan contribution payable	3,735	3,799
Payroll deductions payable	3,675	3,323
Other	906	1,267
	$ 12,515	$ 11,835

Amounts due from and due to Government of Canada are payable on demand and are non-interest bearing. The carrying amounts approximate fair market values because of their short term to maturity.

7. Accounts receivable

	2008	2007
	(thousands of dollars)	
Taxes, interest and other revenue receivables	$ 11,690	$ 12,396
Less valuation allowances	(691)	(921)
	10,999	11,475
Due from Territorial corporations	7,073	3,878
	$ 18,072	$ 15,353

8. Long-term investments

	2008	2007
	(thousands of dollars)	
Investments in asset-backed commercial paper	$ 36,349	$ -
Less valuation adjustment	(6,201)	(-)
	$ 30,148	$ -

At March 31, 2008, the Government held non-bank-sponsored asset-backed commercial paper ("ABCP") with a maturity value of $36.5 million, comprising $13 million in Opus Trust Series A and $23.5 million in Symphony Trust Series A. These investments were purchased at a cost of $36.3 million in July and August of 2007 and matured during the months of August and September 2007 but, as a result of liquidity issues in the ABCP market, did not settle on maturity. The Government's non-bank sponsored ABCP have not traded in the market since August 2007 and there is no market quote available. These investments held by the Government were rated by the Dominion Bond Rating Service as R-1 (high) at the time of purchase, which is of the highest credit quality, and had a yield rate of 4.7%.

On August 16, 2007, a consortium representing banks, assets providers and major investors had agreed in principle to a long-term proposal and interim agreement regarding the ABCP (commonly referred to as "the Montreal Accord"). Under this proposal, the affected ABCP would be converted into pooled long-term floating rate notes maturing no earlier than the scheduled maturity of the underlying assets. On September 6, 2007, the Pan Canadian Investors Committee for Third-Party Structured ABCP ("the Committee") consisting of major investors was created to propose a solution to the liquidity problem affecting the ABCP market, and has retained legal and financial advisors to oversee the proposed restructuring process.

Effective March 17, 2008, a court order was put in place that commits investors not to take any action that would precipitate an event of default. During the same week, the Committee announced the details of a restructuring plan (the "Plan"). On April 25, 2008, investors overwhelmingly approved the Plan. The Plan with an amendment that would allow certain investors, under specified conditions, to pursue claims of fraud against ABCP dealers, was sanctioned by the Ontario Superior Court of Justice on June 5, 2008. Some investors made motions to the Court of Appeal for Ontario for relief that includes the dismissal of the application to sanction the amended Plan. The Court of Appeal for Ontario dismissed the appeal on August 18, 2008. A few investors further sought leave to appeal to the Supreme Court of Canada; however, the Supreme Court of Canada denied leave to appeal on September 19, 2008. The Committee expects to be in a position to commence the process for implementation of the Plan by September 30, 2008 or shortly thereafter, with a view to completing implementation during the month of October.

The Plan calls for the issuing to the Government the maturity value of approximately $36.3 million in new four classes of floating rate notes: $15.8 million in A-1 notes, $16.4 million in A-2 notes, $3.0 million in B notes and $1.1 million in C notes. Generally all notes are expected to be repaid on December 20, 2016, except for Class A-1 notes that are expected to start returning principal beginning in 2013 as the underlying assets mature. Class A-1 and A-2 notes will pay quarterly interest at a rate equivalent to a banker's acceptance rate minus 0.5%. Class B notes will accrue interest at the same rate as A-1 and A-2 notes but will not payout the interest until maturity, and after all A-1 and A-2 notes are redeemed. Class C notes will accrue interest at a banker's acceptance rate plus 20% but not payout the interest until maturity and after all B notes are redeemed. All notes are backed by a combination of structured and traditional assets. Class A-1 and A-2 notes, which are approximately 89 per cent of the restructured notes, are expected to have a high credit rating ("AA") while Class B and C notes are not expected to be rated.

As the Government's investments in ABCP that are subject to the Montreal Accord and the Plan are no longer current in nature, these investments are classified as long-term investments. These investments are measured at the net recoverable value. While the Government expects to receive the full value of its $36.3 million original investments at maturity plus interest, as required by Canadian generally accepted accounting principles when there is no active market, the Government has estimated the net recoverable value of its ABCP holdings at March 31, 2008, using a probability-weighted discounted cash flow valuation technique. The valuation technique takes into consideration a successful restructuring, the specific attributes of each class of note, general market observations and all publicly available information up to the date of finalization of the financial statements. The estimated net recoverable value of the Government's investments in ABCP at March 31, 2008, is $30.1 million. The total valuation adjustment of $6.2 million is recorded as a reduction to investment income in the consolidated statement of operations. Once the restructuring is finalized, the new notes will be recorded at a discount to their maturity value. This discount will be eliminated over time as the investments move closer to their maturity dates.

Investments were made in ABCP pursuant to subsection 39(1) of the *Financial Administration Act* (Yukon) as there were liquidity agreements with banks. In February 2008, the Auditor General of Canada issued an audit report stating that the investment in ABCP did not meet the conditions set out in the Act (Note 1(c)). The Government accepted the audit opinion and, had previously in January 2008, issued a policy prohibiting further investments in ABCP. The Government had invested $1.7 billion in ABCP since the fiscal year 1989/1990, with $223 million invested in 2007/2008.

The Government continues to maintain a strong cash position. The liquidity issues in the ABCP market have not had an impact on the Government's operations.

9. Advances to Territorial corporations

	2008	2007
	(thousands of dollars)	
Yukon Housing Corporation		
Working capital advances	$ 27,271	$ 27,721

The advances are interest free and have various repayment terms.

10. Loans receivable

	2008	2007
	(thousands of dollars)	
Due from Yukon Housing Corporation for lands agreements, due in periodic instalments to the year 2013, bearing interest at 0.0%	$ 8,843	$ 6,054
Debenture loans to municipalities, due in varying annual amounts to the year 2030, bearing interest rates ranging from 4.0% to 9.3%	4,163	4,729
Local improvement loans, due in varying annual amounts to the year 2036, bearing interest rates ranging from 2.3% to 8.9%	3,473	3,321
Business development assistance loans, due in varying annual amounts with varying terms, bearing interest rates ranging from 0.0% to 12.0%	1,818	2,363
Domestic well loans, due in varying annual amounts to the year 2023, bearing interest rates ranging from 2.3% to 4.8%	1,296	1,066
Agreements for sale of land, due in varying annual amounts over a three or five year term to the year 2013, bearing interest rates ranging from 4.8% to 7.3%	938	1,013
Loan to Yukon Housing Corporation, due in periodic instalments to the year 2014, bearing interest at 0.0%	886	1,039
Energy infrastructure development loan due in periodic instalments bearing interest at 6.4%	205	205
Loan to Yukon Housing Corporation, due in periodic instalments to the year 2021, bearing interest at 0.0%	204	219
Energy conservation loans due in varying annual amounts with varying rates of interest	156	156
Loan to Yukon Government Fund Limited, with no repayment terms, bearing interest at 0.0%	-	116
Less valuation allowances	(1,906)	(1,906)
	$ 20,076	$ 18,375

11. Land held for sale

	2008	2007
	(thousands of dollars)	
Raw land	$ 45	$ 45
Land under development	1,732	5,751
Developed land	4,669	6,327
	$ 6,446	$ 12,123

12. Accounts payable and accrued liabilities

	2008	2007 (Restated - Note 3)
	(thousands of dollars)	
Accrued liabilities	$ 33,706	$ 33,672
Accounts payable	27,918	29,280
Contractors' holdbacks and security deposits	5,987	5,486
Due to Territorial corporations	4,462	3,253
	$ 72,073	$ 71,691

13. Post-employment benefits

	2008	2007
	(thousands of dollars)	
Severance benefits	$ 41,411	$ 39,567
Sick leave obligation	15,707	14,929
Vacation leave obligation	14,280	11,917
Accrued benefit obligation	71,398	66,413
Unrecognized net actuarial loss	(16,606)	(16,682)
Accrued benefit liability	$ 54,792	$ 49,731

Severance benefits are paid on termination of service or upon retirement.

If an employee has at least five years of continuous service, a cash-in of sick leave will be paid on termination of service or upon retirement. The cash-in amount is calculated as 1/3 of unused sick leave credits to a maximum of 60 days multiplied by the daily pay rate at termination or retirement.

The actuarial obligation for sick and vacation leave and severance benefits is calculated using the projected benefit method prorated on service. In projecting the accrued obligation for these benefits as at March 31, 2008, the Government assumed a discount rate of 5.75% and general salary increases of 2.5% per annum. The net actuarial loss is amortized over the expected average remaining service life of the active employees of 10.4 years.

Expenses related to post-employment benefits for the year ended March 31, 2008 were $11,159,000 (2007 - $9,055,000). Benefits paid by the Government from the post-employment benefits liability during the year amounted to $6,098,000 (2007 - $5,054,000). Post-employment benefits are not funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

14. Retirement benefits

(a) Public Service Pension Plan

The Government's employees participate in the Public Service Pension Plan administered by the Government of Canada. In this plan, employees accumulate pension benefits up to a maximum period of 35 years at 2% per year of pensionable service based on the average of their five consecutive years of highest paid services. Until December 31, 2007, the Government contributed $2.14 for every dollar contributed by the employee, and $7.00 for every dollar contributed by the employee for the portion of the employee's salary above $126,500. Effective January 1, 2008, the Government contributes $2.02 for every dollar contributed by the employee, and $7.30 for every dollar contributed by the employee for the portion of the employee's salary above $130,700. The Government's contributions to the Public Service Pension Plan during the year and recorded as expenses were $26,462,000 (2007 - $24,049,000).

(b) Legislative Assembly Retirement Allowances Plan

The Legislative Assembly Retirement Allowances Plan is a contributory defined benefit pension plan. In addition to retirement allowances, the plan also contains a provision for payment of lump sum death and severance allowances. These benefits are based on service and/or earnings. The Members' Services Board of the Legislative Assembly is responsible, pursuant to the *Legislative Assembly Retirement Allowances Act* (Yukon), for the administration of the Plan.

The funds are held by an investment manager in two different accounts. The first account holds the assets of the trust fund for the registered pension plan established pursuant to Parts 1 and 2 of the *Legislative Assembly Retirement Allowances Act.* The second account holds the assets of the Government, from which benefits under Part 3 of the *Legislative Assembly Retirement Allowances Act* are paid. It is the Government's policy to fully fund Parts 1 and 2 of this pension plan.

The *Legislative Assembly Retirement Allowances Act* stipulates that actuarial valuations for funding purposes must be performed at least triennially. An actuarial valuation is based on a number of assumptions about future events, such as inflation rates, interest rates, salary increases and member turnover and mortality. The assumptions used in a valuation for funding purposes are based on the actuary's best estimates with margins for conservatism. The accrued benefit obligation as at March 31, 2008 is based on an extrapolation of an actuarial valuation for funding purposes conducted as at March 31, 2005 using best estimate assumptions accepted by the Members' Services Board of the Legislative Assembly. Valuation information based on March 31, 2008 membership data will be reflected in the 2009 financial statements.

(c) Territorial Court Judiciary Pension Plan

The Territorial Court Judiciary Pension Plan is comprised of a judiciary registered pension plan, a judiciary retirement compensation arrangement and a supplementary judiciary pension plan. In addition to pension payments, these plans also contain a provision for payment of lump sum death and severance allowances. The Plan is administered by the Public Service Commissioner in the meaning assigned by the *Public Service Act* (Yukon).

The judiciary registered pension plan is a contributory defined benefit pension plan. In this plan, benefits are accumulated at an annual amount of 2% multiplied by the number of years of credited service multiplied by the annual average of the member's highest five consecutive years of earnings. A member's credited service is limited to a maximum of 35 years. The judiciary retirement compensation arrangement was established for the purpose of providing benefits to members with respect to pensionable service earnings that are in excess of the maximum pension limits of the judiciary registered pension plan as required by the *Income Tax Act* (Canada). Pursuant to the *Territorial Court Judiciary Pension Plan Act* (Yukon), the pension fund assets for these two plans are held separate and distinct from the Government's operations, and are managed by an investment manager.

The supplementary judiciary pension plan is supplemental to benefits provided under the judiciary registered pension plan and the judiciary retirement compensation arrangement. The *Territorial Court Judiciary Pension Plan Act* (Yukon) stipulates that no contributions are to be made to this plan, and no fund is to be maintained for the plan. In this plan, the annual amount of pension payable to a member equals 3% of the average annualized pensionable earnings of a member over the 24 months during which pensionable earnings are highest multiplied by the number of years of credited service, subject to a maximum of 70% of those earnings, minus actual benefits accumulated under the judiciary registered pension plan and the judiciary retirement compensation arrangement.

An actuarial valuation for the Plan was performed for accounting purposes using the membership data as at March 31, 2008. A valuation for funding purposes for the Plan was conducted as at January 31, 2006. A valuation for funding purposes as at March 31, 2008, as required by the *Territorial Court Judiciary Pension Plan Act* (Yukon), is currently being prepared by the Plan's actuary.

(d) Extended health care and life insurance retirement benefits

The Government provides optional extended health care benefits to retired employees as well as life insurance coverage to eligible retirees. They are both defined benefit plans. The extended health care plan is self-insured. An actuarial valuation of these benefits was conducted as of April 1, 2007. Extended health care and life insurance retirement benefits are not funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Until April 2007, the Government contributed approximately 65% of the benefit costs. Effective May 2007, the Government changed the level of its contributions; under the new contribution structure, the Government contributes a percentage of the cost depending on the years of service provided by the retiree as indicated in the table below. This change resulted in a reduction in the accrued benefit obligation as at April 1, 2007 by $9,619,000. The Government recognized the reduction in the accrued benefit obligation as a negative past service cost in the fiscal year 2007/2008.

Years of Service	Government Contribution of Benefit Costs
Less than 5 years	0%
5 years, but less than 10 years	15%
10 years, but less than 15 years	35%
15 years, but less than 20 years	50%
20 or more years	65%

The accrued benefit liability for the above retirement benefits as of March 31, 2008 was as follows:

	2008	2007
	(thousands of dollars)	
Accrued benefit liability (asset) (Schedule D)		
Extended health care retirement benefit	$ 27,029	$ 34,607
Territorial Court Judiciary Pension Plan	3,329	3,126
Life insurance retirement benefit	1,214	1,166
Legislative Assembly Retirement Allowances Plan	(2,584)	(1,387)
	$ 28,988	$ 37,512

15. Capital lease obligations

	2008	2007
	(thousands of dollars)	
Building lease obligation payable monthly until the year 2013, with imputed interest rate of 13.5%.	$ 2,292	$ 2,608
Building lease obligation payable monthly until the year 2012, with imputed interest rate of 11.0%. The building is to be transferred to the Government for $1.00 at the end of the lease term.	2,181	2,694
Building lease obligation payable monthly until the year 2010, with imputed interest rate of 13.3%.	511	661
	$ 4,984	$ 5,963

Interest expense related to capital lease obligations for the year was $672,000 (2007 - $783,000) at an imputed average interest rate of 12.6% (2007 – 12.6%). The following is a schedule of future minimum lease payments under the capital lease obligations.

	(thousands of dollars)
2009	$ 2,164
2010	2,164
2011	2,043
2012	1,273
2013	755
Total minimum lease payments	8,399
Less: amount representing executory costs	(1,666)
amount representing rental of land	(429)
amount representing interest	(1,320)
	$ 4,984

16. **Financial instruments**

The balances in cash and cash equivalents, due to/from Government of Canada, accounts receivable, and accounts payable and accrued liabilities are non-interest bearing and have fair values that approximate their carrying amount due to their short term to maturity.

The fair value and the methods of calculation and assumptions used for the Government's long-term financial instruments are detailed below:

	2008		2007	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(thousands of dollars)			
Long-term investments	$ 30,148	$ 27,896	$ -	$ -
Loans receivable	20,076	20,076	18,375	18,375
Capital lease obligations	4,984	5,503	5,963	6,796

The estimated fair value for long-term investments is calculated using a probability-weighted discounted cash flow valuation technique. While the carrying amount is estimated using the information available as of the date of finalization of the financial statements, the fair value is estimated based on the following assumptions: a successful restructuring, the specific attributes of each class of note to be received under a restructuring and the existing underlying assets and general market observations as of March 31, 2008.

Since the above valuation approach and assumptions are based on market information available at March 31, 2008, the fair value of long-term investments may change materially in future periods as a result of fluctuations in the major elements of the valuation methodology. These changes are, however, not expected to result in a significant impact on the Government's future operations.

The carrying value, at the lower of cost or net recoverable value, is estimated to be the fair value of loans receivable due to the nature of these loans. The carrying value of the loans receivable should not be seen as the realizable value on immediate settlement of these loans due to the uncertainty associated with such a settlement.

The estimated fair value for capital lease obligations and long-term debt is calculated by discounting the expected future cash flows at year-end market interest rates for equivalent terms to maturity.

17. Tangible capital assets

	2008 Net Book Value	2007 Net Book Value
	(thousands of dollars)	
Land	$ 6,075	$ 6,066
Buildings	282,060	289,084
Equipment and vehicles	29,848	30,061
Computer hardware and software	9,262	8,322
Transportation infrastructure	570,461	548,809
Other	17,885	11,995
(Schedule C)	$ 915,591	$ 894,337

The Government owns and/or maintains various historical sites. The Government also holds works of art with a total estimated value of $4.0 million (2007 - $3.5 million).

Leased capital assets are reported as part of the respective asset category. These leased assets are amortized on a straight-line basis over the lease term or estimated economic life. The amortization expense for the year was $635,000 (2007 - $635,000). The cost and accumulated amortization of leased capital assets that are included in the schedule of tangible capital assets are as follows:

	2008	2007
	(thousands of dollars)	
Buildings (cost)	$ 8,820	$ 8,820
Less accumulated amortization	(3,174)	(2,539)
	$ 5,646	$ 6,281

No interest was capitalized during the year.

18. Deferred capital contributions

Where the fair value has been capitalized for tangible capital assets that were transferred from a third party such as Government of Canada, an offset is recorded as a deferred capital contribution. Funding received from a third party for the acquisition, development, construction or betterment of tangible capital assets is also treated as a deferred capital contribution. The most significant of these assets are highways, bridges and airport infrastructure. The deferred capital contribution is recognized as revenue over the useful life of the related asset.

	2008	2007
	(thousands of dollars)	
Deferred capital contributions, beginning of year	$ 489,517	$ 455,627
Add: Assets transferred or funded during the year	34,082	47,684
Less: Disposal and write-down	(16)	-
Amortization	(14,189)	(13,794)
Deferred capital contributions, end of year (Schedule C)	$ 509,394	$ 489,517

19. Expenses by object

	2008	2007
	(thousands of dollars)	
Personnel	$ 307,379	$ 286,076
Transfer payments	195,352	178,948
Contract and special services	109,276	98,794
Materials, supplies and utilities	76,381	71,843
Amortization expenses	34,281	32,719
Communication and transportation	24,967	24,143
Other	31,678	34,937
	$ 779,314	$ 727,460

20. Trust assets

The Government administers trust accounts on behalf of third parties which are not included in the Government's assets or liabilities.

The largest such trust account, the Compensation Fund (Yukon) has a fiscal year end of December 31. Details of the assets of the Compensation Fund (Yukon), principally investments, are available from its financial statements, which are reproduced in Section III of the Public Accounts of the Government. The remaining trust assets are invested primarily in short-term and long-term bonds.

Investments of Compensation Fund (Yukon) are valued at fair value. Investments of the remainder of the trust accounts are valued at the lower of cost and market. Any other assets held under administration such as property, securities and valuables are reflected in trust accounts only upon conversion to cash.

	2008	2007
	(thousands of dollars)	
Compensation Fund (Yukon)	$ 144,590	$ 148,776
Federal Gas Tax Funds under the New Deal	10,736	7,725
Forest Sector Fund	5,028	4,321
Land Title Office – Assurance Fund	3,135	2,872
Lottery Commission	2,984	2,902
Crime Prevention and Victim Services	2,953	2,707
Water Resources Bonds	2,583	2,583
Historic Resources Trust Fund	1,230	1,189
Public Guardian Trust	566	552
Other	2,196	2,210
	$ 176,001	$ 175,837

21. Contractual obligations

The Government has entered into agreements for, or is contractually obligated for, the following payments subsequent to March 31, 2008:

	Expiry Date	2009	2010 – 2019	Total
		(thousands of dollars)		
Capital projects				
- in progress at March 31, 2008	2019	$ 48,569	$ 8,037	$ 56,606
(recoverable amount)		(26,586)	(3,688)	(30,274)
RCMP policing agreement	2012	14,055	44,746	58,801
Building/office space leases	2016	6,705	12,649	19,354
Yukon Development Corporation	2009	10,000	-	10,000
Yukon Hospital Corporation	2011	1,681	2,534	4,215
Yukon College	2016	950	3,190	4,140
Miscellaneous operational commitments	2012	10,477	6,614	17,091
		$ 65,851	$ 74,082	$ 139,933

22. Overexpenditure

The *Appropriation Acts* (Yukon) state that the Government is not to expend grant payments except in accordance with the Act. During the year, one (2007 – one) department exceeded the authorized amounts as follows:

	(thousands of dollars)
Operations and maintenance grants	
Health and Social Services	
- Adoption subsidies	$ 32
- Federal child benefit - Whitehorse	8
- Rehabilitation subsidies	11
- Medical travel subsidies	331

23. Guarantees

The Government has guaranteed repayment of loans payable by the Yukon Housing Corporation of $19.2 million (2007 - $20.4 million), debts of the Yukon Development Corporation of $18.7 million (2007 - $20.6 million). In addition, the Government has guaranteed an operating demand overdraft facility to the Yukon Housing Corporation of up to $11.0 million and to the Yukon Energy Corporation of up to $10.0 million. It is expected that no significant costs will be incurred by the Government with respect to these guarantees.

24. Land claims

Between February 1995 and March 31, 2008, eleven Yukon First Nation Final and Self-government Agreements came into effect. The Government of Canada's negotiating mandate expired prior to the completion of the remaining three Yukon agreements. Settlements for these outstanding claims would not result in a general liability to the Government as they are to be funded by the Government of Canada. The Government would, however, be responsible for any financial obligations it might agree to during the negotiations.

The Government signed a bilateral funding agreement with the Government of Canada on June 24, 1993 that provides for funding towards the Government's additional implementation costs. Costs funded by this agreement include boards and councils established under the Yukon First Nation Final Agreements and implementation projects and activities. In 2003/2004 the bilateral funding agreement was amended to include the federal Northern Affairs Program implementation funding and the council and commission funding that came to Yukon as part of the Northern Affairs Program Devolution Transfer Agreement.

The Government incurred expenses of $5.3 million during the year (2007 - $4.4 million) with cumulative expenditures of approximately $50.1 million (2007 - $45.0 million), of which $49.6 million (2007 - $42.1 million) was funded by Canada.

25. Contingencies

In the normal course of operations, the Government is subject to legal claims. At March 31, 2008 the Government estimated the total claimed amount to be about $4.0 million (2007 - $2.2 million). No provision for claims has been made in these financial statements as it is not likely that any future event will confirm that a liability has been incurred at the date of the financial statements.

The Government established a Risk Management Revolving Fund in December 2004, with a limit of $5 million, which is to be used for providing insurance and risk management services to Government departments. Any expenses relating to property and liability losses incurred by the Government are to be paid out of this fund. The Government carries no insurance policy for its property losses, but carries a legal liability insurance policy with a $2 million deductible. The Government had unpaid claims against the fund in the amount of $863,000 as at March 31, 2008 (2007 - $562,000). This amount is reported as part of the Government's accrued liabilities. The fund balance as at March 31, 2008 was $3.9 million (2007 - $3.1 million). (See also Schedule 6 of the Supplementary Financial Information.)

26. Environmental liabilities

The Government recognizes that there are costs related to the remediation of environmentally contaminated sites for which the Government is responsible. As at March 31, 2008, the Government was aware of 58 sites where the Government is obligated or is likely obligated to incur such costs. Of the 58 sites, nine are airports and 21 are highway maintenance camps, the majority of which are awaiting assessment. Quantifiable portions of remediation costs for some of the sites that are known to be contaminated are currently estimated at $3,832,000, which has been recorded as a liability and reported as part of accrued liabilities. The Government estimates the contingent environmental liabilities for the sites that are awaiting assessments to be another $3.8 million. The Government is committed to assess all sites in a systematic manner.

The *Environment Act* (Yukon) – *Solid Waste Regulations* include requirements for closure and abandonment of a dump. Twenty-three of the 58 sites identified above are active or decommissioned landfill sites that are outside incorporated communities, and therefore are the responsibility of the Government. As at March 31, 2008, a liability in the amount of $535,000 has been recorded for these sites using the method recommended by the Canadian Institute of Chartered Accountants' Public Sector Accounting Board.

One site on the Commissioner's Land has been formally designated as contaminated under the *Environment Act* (Yukon) and the *Contaminated Sites Regulation*. The Government is not a Responsible Party for this site. Negotiations during the fiscal year 2007/2008 to cost-share the remediation of this site with Indian and Northern Affairs Canada failed. The Government of Canada was the landowner when the contamination occurred. The Government has since secured the site to contain the contamination and currently has no plan to proceed with additional assessment or remediation.

Pursuant to the Devolution Transfer Agreement, the Government of Canada retained responsibility for the clean-up of waste sites that were identified on lands transferred effective April 1, 2003. The Government of Canada also accepted financial responsibility for the remediation of impacts attributable to activities that took place prior to April 2003 on the mine sites identified as Type II sites, where they have been abandoned by their owner/operator. The Government is not aware of any financial obligations in relation to these mine sites.

27. Related parties

Related party transactions are as follows:

	2008	2007
	(thousands of dollars)	
Revenues from:		
Yukon Liquor Corporation	$ 7,664	$ 7,430
Yukon Housing Corporation	1,836	2,685
Compensation Fund (Yukon)	1,354	1,063
Yukon Lotteries Commission	644	645
Yukon Development Corporation	424	572
Yukon College	176	171
Yukon Hospital Corporation	25	30
	$ 12,123	$ 12,596
Expenses to:		
Yukon Hospital Corporation	$ 34,276	$ 36,258
Yukon College	20,281	18,599
Yukon Development Corporation	7,335	8,236
Yukon Housing Corporation	6,499	4,186
Compensation Fund (Yukon)	6,023	6,834
Yukon Legal Services Society	1,510	1,510
Yukon Arts Centre Corporation	842	961
Yukon Human Rights Commission	595	451
Yukon Liquor Corporation	6	15
	$ 77,367	$ 77,050

28. Comparative figures

Certain comparative figures for 2007 have been reclassified to conform with the 2008 presentation.

GOVERNMENT OF YUKON

Schedule A

Schedule of Revenues
for the year ended March 31, 2008

	2008		2007
	Main Estimates (Note 1(b))	Actual	Actual
	(thousands of dollars)		
From Government of Canada			
Formula Financing grant	$ 543,595	$ 543,595	$ 516,819
Other grants	49,733	78,352	92,897
Contributions and service agreements	44,634	45,232	42,170
	637,962	667,179	651,886
Taxes and general revenues			
Income taxes	50,860	57,358	48,415
Other taxes	20,396	21,821	20,797
Licences, permits and fees	7,988	10,594	9,556
Yukon Liquor Corporation - net income	6,108	6,390	6,243
Investment and interest revenue	3,975	2,894	8,358
Recovery of bad debts	-	1,488	-
Oil and gas resource revenue	641	1,163	1,777
Aviation operations	738	888	772
Gain on sale of lots	146	415	1,788
Fines	408	384	406
Other revenues	207	623	817
	91,467	104,018	98,929
Funding and service agreements with other parties	14,173	17,674	19,835
Amortization of deferred capital contributions	13,732	14,189	13,794
	$ 757,334	$ 803,060	$ 784,444

GOVERNMENT OF YUKON

Schedule B

Schedule of Expenses
for the year ended March 31, 2008

	2008 Main Estimates (Note 1(b))	Actual 2008 Personnel	Transfer Payments	Other	Amortization Expenses	Total (Note 19)	2007 Actual
		(thousands of dollars)					
Health and Social Services	$ 205,806	$ 65,273	$ 70,446	$ 71,523	$ 2,737	$ 209,979	$ 197,752
Education	130,386	71,769	28,404	29,024	5,850	135,047	126,183
Highways and Public Works	118,061	35,608	911	61,533	19,516	117,568	115,664
Community Services	74,388	22,150	33,644	18,321	1,544	75,659	81,423
Executive Council Office	51,062	10,843	31,186	2,727	16	44,772	23,696
Justice	43,871	18,593	4,170	21,500	670	44,933	40,963
Energy, Mines and Resources	39,777	20,441	5,023	14,533	104	40,101	36,186
Public Service Commission	30,858	29,358	-	3,575	10	32,943	30,028
Environment	24,762	14,198	1,626	8,495	171	24,490	22,399
Tourism and Culture	21,833	7,162	6,580	7,755	612	22,109	21,568
Economic Development	15,723	4,406	6,276	3,553	34	14,269	16,303
Finance	5,832	4,283	609	569	4	5,465	5,310
Yukon Housing Corporation (Transfer Payment)	5,764	-	6,113	-	-	6,113	3,815
Yukon Legislative Assembly	4,305	2,253	-	959	4	3,216	2,759
Women's Directorate	1,163	484	364	316	-	1,164	1,019
Office of the Ombudsman	471	418	-	100	-	518	440
Elections Office	440	140	-	116	-	256	662
Interest on Loans	213	-	-	77	-	77	357
Yukon Development Corporation (Transfer Payment)	-	-	-	-	-	-	450
Restricted Funds	-	-	-	(2,374)	3,009	635	483
	$ 774,715	**$ 307,379**	**$ 195,352**	**$ 242,302**	**$ 34,281**	**$ 779,314**	**$ 727,460**

GOVERNMENT OF YUKON

Schedule C

Schedule of Tangible Capital Assets for the year ended March 31, 2008

	Land	Buildings	Equipment and Vehicles	Computer Hardware and Software	Transportation Infrastructure	Other[1]	2008 Total	2007 Total
				(thousands of dollars)				
Cost of tangible capital assets, opening[2]	$ 6,066	$ 462,803	$ 76,553	$ 26,450	$ 713,419	$ 15,450	$ 1,300,741	$ 1,214,055
Acquisitions[2]	9	5,740	4,651	2,226	36,894	6,369	55,889	88,952
Write-downs	-	(5)	(21)	(3)	-	-	(29)	(92)
Disposals	-	-	(2,124)	(21)	-	-	(2,145)	(2,174)
Cost of tangible capital assets, closing	6,075	468,538	79,059	28,652	750,313	21,819	1,354,456	1,300,741
Accumulated amortization, opening	-	173,719	46,492	18,128	164,610	3,455	406,404	375,489
Amortization expense	-	12,759	4,518	1,283	15,242	479	34,281	32,719
Disposals	-	-	(1,799)	(21)	-	-	(1,820)	(1,804)
Accumulated amortization, closing	-	186,478	49,211	19,390	179,852	3,934	438,865	406,404
Net book value (Note 17)	$ 6,075	$ 282,060	$ 29,848	$ 9,262	$ 570,461	$ 17,885	$ 915,591	$ 894,337
Work-in-progress		$ 7,785	$ -	$ 3,049	$ 55,616	$ 7,113	$ 73,563	$ 78,999
Deferred capital contributions (Note 18)	$ -	$ 62,859	$ 1,287	$ 2,361	$ 439,763	$ 3,124	$ 509,394	$ 489,517

[1] Includes portable classrooms, land improvements and fixtures.

[2] Includes work-in-progress.

GOVERNMENT OF YUKON

Schedule D

Schedule of Retirement Benefits
for the year ended March 31, 2008

(thousands of dollars)

Pension and retirement plan assets are valued at fair market value.

	Legislative Assembly Retirement Allowances Plan	Territorial Court Judiciary Pension Plan	Extended Health Care Retirement Benefit	Life Insurance Retirement Benefit	2008 Total	2007 Total
Accrued benefit obligation						
Obligation at beginning of year	$ 17,815	$ 4,923	$ 32,424	$ 1,130	$ 56,292	$ 51,871
Current service costs	708	295	1,134	35	2,172	2,313
Past service cost	-	-	(9,619)	-	(9,619)	-
Interest cost on benefit obligation	1,177	335	1,370	66	2,948	3,248
Actuarial (gain) loss	-	(169)	945	238	1,014	(193)
Benefits paid	(712)	(92)	(253)	(48)	(1,105)	(947)
Accrued benefit obligation at end of year	$ 18,988	$ 5,292	$ 26,001	$ 1,421	$ 51,702	$ 56,292
Plan assets						
Value at beginning of year	$ 24,844	$ 2,674	$ -	$ -	$ 27,518	$ 25,115
Actual return on plan assets	(466)	208	-	-	(258)	2,208
Government contributions	672	71	253	48	1,044	1,004
Member contributions	129	46	-	-	175	138
Benefits paid	(712)	(92)	(253)	(48)	(1,105)	(947)
Value at end of year	$ 24,467	$ 2,907	$ -	$ -	$ 27,374	$ 27,518
Funded status - plan deficit (surplus)	$ (5,479)	$ 2,385	$ 26,001	$ 1,421	$ 24,328	$ 28,774
Unamortized net actuarial gain (loss)	2,895	944	1,028	(207)	4,660	8,738
Accrued benefit liability (asset) (Note 14)	$ (2,584)	$ 3,329	$ 27,029	$ 1,214	$ 28,988	$ 37,512
Net benefit cost						
Current service costs	$ 708	$ 295	$ 1,134	$ 35	$ 2,172	$ 2,313
Less: Member contributions	(129)	(46)	-	-	(175)	(138)
Past service cost	-	-	(9,619)	-	(9,619)	-
Interest cost on benefit obligation	1,177	335	1,370	66	2,948	3,248
Expected return on plan assets	(1,617)	(175)	-	-	(1,792)	(1,639)
Amortization of net actuarial gain	(664)	(135)	(210)	(5)	(1,014)	(1,018)
Net cost for the year	$ (525)	$ 274	$ (7,325)	$ 96	$ (7,480)	$ 2,766

GOVERNMENT OF YUKON

Schedule D
Continued

Schedule of Retirement Benefits for the year ended March 31, 2008

	Legislative Assembly Retirement Allowances Plan	Territorial Court Judiciary Pension Plan	Extended Health Care Retirement Benefit	Life Insurance Retirement Benefit
Assumptions				
Expected long-term rate of return on assets	6.5%	6.5%	N/A	N/A
Discount rate on accrued benefit obligation	6.5%	6.5%	5.75%	5.75%
Discount rate on benefit costs	6.5%	6.5%	5.75%	5.75%
Inflation	2.5%	2.5%	N/A	N/A
Rate of compensation increase	2.5% [1]	3.0%	N/A	see below [2]
Health care cost trend rate	N/A	N/A	see below [3]	N/A
Amortization period (expected average remaining service life)	8.5 years	7.7 years	10.4 years	7.6 years

[1] Annual rates of increase in indemnities and expense allowances. No salary increases are assumed.

[2] 1.2% on June 1, 2008, 1.8% on January 1, 2009, 1.2% on June 1, 2009, 2.5% per annum thereafter.

[3] 12.0 % per annum, grading down annually by 1.4% per annum to 5.0% per annum and remaining at that level thereafter.

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SECTION II

SUPPLEMENTARY FINANCIAL INFORMATION

(unaudited)

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GOVERNMENT OF YUKON

Schedule 1

Comparative Schedule of Revenues
for the year ended March 31, 2008

	2008	2007	Increase (Decrease)
Formula Financing grant from Canada	$ 543,595,001	$ 516,818,999	$ 26,776,002
Other grants from Canada			
Building Canada Plan	25,000,000	-	25,000,000
Canada health transfer	22,109,000	21,010,500	1,098,500
Canada social transfer	9,724,792	9,189,000	535,792
Territorial health access fund	6,333,334	6,333,332	2
Ecotrust for clean air and climate change	5,000,000	-	5,000,000
Patient wait times guarantee trust	4,473,061	-	4,473,061
Community development trust	3,828,832	-	3,828,832
Medical travel fund	1,600,000	1,600,000	-
Northern housing trust	-	50,000,000	(50,000,000)
Other	282,836	4,764,315	(4,481,479)
	78,351,855	92,897,147	(14,545,292)
Contributions and recoveries from Canada			
Child welfare	7,583,218	7,754,616	(171,398)
Type II mine sites	7,337,907	5,716,333	1,621,574
Canadian strategic infrastructure fund	4,487,240	5,229,840	(742,600)
Canadian Heritage - French language programs	4,115,300	3,684,800	430,500
Continuing care facilities	2,926,728	2,787,759	138,969
Municipal rural infrastructure fund	2,633,316	3,312,864	(679,548)
Land claims implementation	2,593,354	2,608,074	(14,720)
Other funding and service agreements	17,809,369	16,270,823	1,538,546
	49,486,432	47,365,109	2,121,323
Less funding for tangible capital assets transferred to deferred capital contributions	(4,254,994)	(5,195,193)	940,199
	45,231,438	42,169,916	3,061,522
Taxation			
Income taxes	57,357,903	48,415,170	8,942,733
Tobacco tax	7,244,825	6,978,003	266,822
Fuel tax	6,708,402	6,547,387	161,015
Liquor tax	3,311,083	3,021,432	289,651
General property tax	2,783,659	2,592,244	191,415
Insurance premium tax	1,632,912	1,514,589	118,323
Grants in lieu of property tax	140,239	143,270	(3,031)
	79,179,023	69,212,095	9,966,928

GOVERNMENT OF YUKON

Schedule 1

Comparative Schedule of Revenues
for the year ended March 31, 2008

	2008	2007	Increase (Decrease)
Licenses, Permits and Fees			
Motor vehicle	$ 4,218,359	$ 3,668,045	$ 550,314
Business and professional	2,306,436	2,225,668	80,768
Land, mines and forestry	1,933,409	1,545,072	388,337
Game, campground and wilderness tourism	908,398	934,692	(26,294)
Other	1,227,681	1,182,604	45,077
	10,594,283	9,556,081	1,038,202
Investment and Interest Revenue			
Banking and investment	2,417,218	7,557,966	(5,140,748)
Debenture loans	258,053	343,884	(85,831)
Local improvement loans	130,119	116,720	13,399
Land sale agreements	47,804	55,051	(7,247)
Delinquent accounts	18,442	15,102	3,340
Business loans	22,366	269,686	(247,320)
	2,894,002	8,358,409	(5,464,407)
Fines			
Territorial Court	374,308	397,227	(22,919)
Library fines	10,158	8,387	1,771
	384,466	405,614	(21,148)
General			
Yukon Liquor Corporation - net income	6,389,750	6,242,833	146,917
Recovery of bad debts	1,488,226	-	1,488,226
Oil and gas resource revenue	1,162,870	1,777,061	(614,191)
Aviation operations	888,059	772,056	116,003
Gain on sale of lots	414,684	1,787,699	(1,373,015)
Land and mineral leases and royalties	287,806	235,416	52,390
Other	334,618	581,920	(247,302)
	10,966,013	11,396,985	(430,972)

GOVERNMENT OF YUKON

Schedule 1

Comparative Schedule of Revenues
for the year ended March 31, 2008

	2008	2007	Increase (Decrease)
Funding and service agreements with other parties			
Alaska Highway - Shakwak	$ 29,322,103	$ 41,641,275	$ (12,319,172)
Land development cost recovery - residential	8,182,535	5,330,705	2,851,830
Shared services	2,532,021	2,439,928	92,093
Third-party health care costs	2,983,258	2,086,143	897,115
Systems Development	2,101,641	288,388	1,813,253
Airports	1,517,097	1,503,698	13,399
Restricted funds	1,237,248	989,907	247,341
Other	10,168,020	13,750,013	(3,581,993)
	58,043,923	68,030,057	(9,986,134)
Less: Land recoveries transferred to land held for sale	(10,130,762)	(5,385,306)	(4,745,456)
Local improvement recoveries transferred to loans receivable	(412,527)	(320,651)	(91,876)
Funding for tangible capital assets transferred to deferred capital contributions	(29,826,735)	(42,489,474)	12,662,739
	17,673,899	19,834,626	(2,160,727)
Amortization of deferred capital contributions	14,189,459	13,794,262	395,197
	$ 803,059,439	**$ 784,444,134**	**$ 18,615,305**

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Executive Council Office					
From Canada					
Operations and maintenance					
Land claims implementation					
- Indian and Northern Affairs Canada (INAC)	$ 3,450,000	$ -	$ 3,450,000	$ 2,593,354	$ 856,646
- Canadian Heritage	1,100,000	-	1,100,000	916,989	183,011
Surveys	-	40,000	40,000	40,000	-
Targeted investment program	-	108,000	108,000	108,000	-
Yukon Environmental and Socio-Economic Assessment Act (INAC)	-	-	-	1,003,379	(1,003,379)
Capital					
Targeted investment program	-	42,000	42,000	42,000	-
GEO-Connections	-	20,000	20,000	-	20,000
	4,550,000	210,000	4,760,000	4,703,722	56,278
Taxes and general revenues					
Water licence fees	15,000	-	15,000	26,888	(11,888)
Total revenues	**4,565,000**	**210,000**	**4,775,000**	**4,730,610**	**44,390**

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Community Services					
From Canada					
Operations and maintenance					
Emergency measures	$ 100,000	$ (13,000)	$ 87,000	$ 606	$ 86,394
Sport	252,000	-	252,000	276,780	(24,780)
Author readings	4,000	3,000	7,000	6,675	325
Motor vehicle	2,000	-	2,000	3,116	(1,116)
Flood recovery	-	1,005,000	1,005,000	1,260,766	(255,766)
Emergency medical services	-	-	-	6,181	(6,181)
Capital					
Canadian strategic infrastructure fund	3,450,000	2,228,000	5,678,000	1,920,567	3,757,433
Municipal rural infrastructure fund	4,818,000	(237,000)	4,581,000	2,633,316	1,947,684
Emergency measures	-	-	-	96,507	(96,507)
	8,626,000	2,986,000	11,612,000	6,204,514	5,407,486
Less funding for tangible capital assets transferred to deferred capital contributions	(750,000)	(395,000)	(1,145,000)	(952,094)	(192,906)
	7,876,000	2,591,000	10,467,000	5,252,420	5,214,580

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Community Services					
Taxes and general revenues					
Fuel storage tank permits	$ 4,000	$ -	$ 4,000	$ 3,465	$ 535
Interest on local improvement	200,000	-	200,000	130,119	69,881
General property tax	2,300,000	500,000	2,800,000	2,783,659	16,341
Grant in lieu of property tax	140,000	-	140,000	140,239	(239)
Property subdivision application fee	7,000	-	7,000	5,588	1,412
Library fines	8,000	-	8,000	10,158	(2,158)
Photocopier fees	5,000	-	5,000	2,517	2,483
Professional/consumer licensing	178,000	49,000	227,000	258,230	(31,230)
Business/corporate licensing	1,800,000	-	1,800,000	2,048,206	(248,206)
Building safety licences and fees	275,000	80,000	355,000	411,604	(56,604)
Private vehicle licences	1,126,000	11,000	1,137,000	1,387,550	(250,550)
Commercial vehicle licences	1,779,000	146,000	1,925,000	2,382,338	(457,338)
Miscellaneous motor vehicle revenue	336,000	32,000	368,000	448,471	(80,471)
Labour services	-	2,000	2,000	3,521	(1,521)
Profit from sale of land	-	-	-	39,472	(39,472)
Prior year adjustment - profit from sale of land	-	-	-	8,533	(8,533)
Prior year adjustment - property assessment	-	-	-	(1,358)	1,358
	8,158,000	820,000	8,978,000	10,062,312	(1,084,312)

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Community Services					
Third-party recoveries					
Operations and maintenance					
Shared services	$ 2,561,000	$ 166,000	$ 2,727,000	$ 2,532,021	$ 194,979
Community recreation/active living	87,000	-	87,000	87,000	-
Sport	323,000	-	323,000	317,130	5,870
Community assessments	375,000	25,000	400,000	411,440	(11,440)
Water and sewer services	261,000	-	261,000	294,728	(33,728)
Mosquito control	21,000	-	21,000	32,779	(11,779)
Wildland fire management	-	928,000	928,000	-	928,000
Emergency medical services	-	100,000	100,000	109,919	(9,919)
Motor vehicle	-	-	-	2,000	(2,000)
Capital					
Rural electrification and telephone	500,000	196,000	696,000	342,237	353,763
Domestic well program	700,000	(46,000)	654,000	70,290	583,710
Land development cost recovery					
- industrial	1,250,000	(950,000)	300,000	1,866,326	(1,566,326)
- residential	14,500,000	(3,030,000)	11,470,000	8,182,535	3,287,465
- recreational	500,000	(500,000)	-	-	-
Canadian strategic infrastructure fund					
- Village of Carmacks	242,000	-	242,000	-	242,000
Municipal rural infrastructure fund					
- City of Whitehorse - Hamilton Boulevard extension	-	875,000	875,000	875,000	-
Canada Winter Games' Athletes' Village					
- Canada Winter Games Host Society	-	285,000	285,000	414,824	(129,824)
	21,320,000	(1,951,000)	19,369,000	15,538,229	3,830,771

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Community Services					
Less: Land recoveries transferred to land held for sale	$ (16,250,000)	$ (6,022,000)	$ (22,272,000)	$ (9,994,260)	$ (12,277,740)
Local improvement recoveries transferred to loans receivable	(1,200,000)	(150,000)	(1,350,000)	(412,527)	(937,473)
Funding for tangible capital assets transferred to deferred capital contributions	-	(285,000)	(285,000)	(414,824)	129,824
	3,870,000	(8,408,000)	(4,538,000)	4,716,618	(9,254,618)
Amortization of deferred capital contributions	48,000	184,000	232,000	241,785	(9,785)
Total revenues	**19,952,000**	**(4,813,000)**	**15,139,000**	**20,273,135**	**(5,134,135)**
Economic Development					
From Canada					
Capital					
Community access program	-	70,000	70,000	70,000	-
Indian and Northern Affairs Canada - Targeted investment program	-	-	-	374,990	(374,990)
	-	**70,000**	**70,000**	**444,990**	**(374,990)**

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Education					
From Canada					
Operations and maintenance					
Canadian Heritage - French language programs	$ 2,143,000	$ 200,000	$ 2,343,000	$ 2,340,300	$ 2,700
Human Resources and Social Development Canada					
- skills development	1,125,000	-	1,125,000	1,125,000	-
- older workers' initiative	400,000	-	400,000	325,971	74,029
Immigration portal	200,000	-	200,000	123,288	76,712
Student financial assistance					
- Canada student loan	41,000	-	41,000	100,041	(59,041)
- Canada study grants	70,000	-	70,000	46,301	23,699
Capital					
Tantalus School replacement	-	12,000	12,000	12,000	-
	3,979,000	212,000	4,191,000	4,072,901	118,099
Less funding for tangible capital assets transferred to deferred capital contributions	-	(12,000)	(12,000)	(12,000)	-
	3,979,000	200,000	4,179,000	4,060,901	118,099

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Education					
Taxes and general revenues					
Extension programs fees	$ 5,000	$ -	$ 5,000	$ 1,600	$ 3,400
Summer school fees	10,000	-	10,000	11,875	(1,875)
Computer camp fees	10,000	(10,000)	-	-	-
Apprenticeship certification	1,000	-	1,000	1,477	(477)
Trade school registration fees	1,000	-	1,000	1,428	(428)
	27,000	(10,000)	17,000	16,380	620
Third-party recoveries					
Operations and maintenance					
Student accommodation	120,000	-	120,000	129,200	(9,200)
Staff accommodation rental	5,000	-	5,000	2,869	2,131
Council of Ministers of Education of Canada agreement - monitors	195,000	-	195,000	222,917	(27,917)
Stikine students	233,000	-	233,000	144,000	89,000
Yukon Teachers' Association - substitute teachers	35,000	-	35,000	36,120	(1,120)
Charles R. Bronfman Foundation Heritage	4,000	-	4,000	16,128	(12,128)
Student information and assessments	9,000	-	9,000	-	9,000
Yukon Francophone School Board	110,000	(110,000)	-	-	-
Student financial assistance - Millennium scholarship fund	50,000	-	50,000	50,000	-
	761,000	(110,000)	651,000	601,234	49,766
Amortization of deferred capital contributions	157,000	35,000	192,000	196,612	(4,612)
Total revenues	**4,924,000**	**115,000**	**5,039,000**	**4,875,127**	**163,873**

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Energy, Mines and Resources					
From Canada					
Operations and maintenance					
Parks Canada - library access	$ 10,000	$ -	$ 10,000	$ 10,470	$ (470)
Agriculture Canada					
- agriculture policy framework	321,000	-	321,000	383,059	(62,059)
- rent	3,000	-	3,000	3,000	-
- national water supply expansion program	100,000	-	100,000	-	100,000
Natural Resources Canada					
- Energy Solutions Centre	200,000	(145,000)	55,000	55,000	-
Indian and Northern Affairs Canada - Type II mine sites	8,294,000	546,000	8,840,000	7,337,907	1,502,093
Fisheries and Oceans Canada					
- Yukon Placer Regime Secretariat	226,000	(126,000)	100,000	100,000	-
Strategic investment in northern economic development					
- Yukon Geological Surveys	-	788,000	788,000	787,800	200
Capital					
Strategic investment in northern economic development					
- Forest inventory	150,000	267,000	417,000	344,629	72,371
- Resource assessment - minerals	-	423,000	423,000	423,000	-
	9,304,000	1,753,000	11,057,000	9,444,865	1,612,135
Less funding for tangible capital assets transferred to deferred capital contributions	-	-	-	(72,609)	72,609
	9,304,000	1,753,000	11,057,000	9,372,256	1,684,744

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Energy, Mines and Resources					
Taxes and general revenues					
Lands					
- lands administration/interest	$ 15,000	$ -	$ 15,000	$ 47,804	$ (32,804)
- land sales fees	18,000	-	18,000	13,185	4,815
- unearned equity	1,000	-	1,000	-	1,000
- land leases	120,000	-	120,000	168,771	(48,771)
- land use fees	10,000	-	10,000	29,521	(19,521)
- quarrying royalties and leases	12,000	-	12,000	33,030	(21,030)
- sale of undeveloped land	145,000	-	145,000	368,037	(223,037)
- royalties collected on lease agreements	15,000	-	15,000	20,441	(5,441)
- other royalties	1,000	-	1,000	65,564	(64,564)
Forestry					
- application fees	10,000	-	10,000	5,471	4,529
- stumpage dues	20,000	-	20,000	9,892	10,108
- engineering levy	5,000	-	5,000	5,130	(130)
Agricultural land application and grazing lease fees	4,000	-	4,000	7,524	(3,524)
Oil and gas resource revenue					
- royalties	625,000	-	625,000	1,142,369	(517,369)
- rentals and administration	16,000	-	16,000	20,501	(4,501)
- forfeiture of deposit	-	-	-	290,000	(290,000)
Sale of maps	10,000	-	10,000	8,498	1,502
Mineral resources					
- coal leases, permits and royalties	45,000	-	45,000	59,787	(14,787)
- placer mining fees	249,000	-	249,000	221,476	27,524
- quartz mining fees and leases	554,000	50,000	604,000	1,581,423	(977,423)
- maps, publications and charts	5,000	-	5,000	4,549	451

Schedule of Revenues by Department
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Energy, Mines and Resources					
Taxes and general revenues (continued)					
Energy Solutions Centre					
- workshops and rental fees	$ -	$ 35,000	$ 35,000	$ 8,210	$ 26,790
	1,880,000	85,000	1,965,000	4,111,183	(2,146,183)
Third-party recoveries					
Operations and maintenance					
Land - legal surveys	10,000	-	10,000	-	10,000
Agriculture conference	2,000	-	2,000	1,885	115
Master gardener course	2,000	-	2,000	2,605	(605)
Energy Solutions Centre					
- Yukon Development Corporation	300,000	-	300,000	300,000	-
Capital					
Joint First Nation/Yukon Government land management project	330,000	-	330,000	-	330,000
Agricultural land development	100,000	71,000	171,000	136,502	34,498
	744,000	71,000	815,000	440,992	374,008
Less land recoveries transferred to land held for sale	(100,000)	(71,000)	(171,000)	(136,502)	(34,498)
	644,000	-	644,000	304,490	339,510
Amortization of deferred capital contributions	33,000	-	33,000	37,642	(4,642)
Total revenues	**11,861,000**	**1,838,000**	**13,699,000**	**13,825,571**	**(126,571)**

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Environment					
From Canada					
Operations and maintenance					
Inuvialuit Final Agreement	$ 928,000	$ (24,000)	$ 904,000	$ 931,627	$ (27,627)
Management of Southern Lakes Caribou Herd	-	25,000	25,000	12,970	12,030
Wood Bison recovery initiative	-	20,000	20,000	-	20,000
NatureServe Yukon baseline data project	-	18,000	18,000	10,850	7,150
Water quality monitoring	-	25,000	25,000	25,000	-
NatureServe Yukon - marmot project	-	-	-	8,300	(8,300)
Invasive species project	-	-	-	16,500	(16,500)
Capital					
Inuvialuit Final Agreement	-	28,000	28,000	-	28,000
NatureServe Yukon - Baikal sedge project	-	13,000	13,000	12,547	453
Water quality monitoring	-	25,000	25,000	25,000	-
Wood Bison recovery initiative	-	-	-	20,000	(20,000)
	928,000	130,000	1,058,000	1,062,794	(4,794)
Taxes and general revenues					
Campground permits	306,000	-	306,000	288,467	17,533
Wilderness tourism licensing	8,000	-	8,000	8,245	(245)
Hunting licences and seals	322,000	-	322,000	345,784	(23,784)
Trapping and fur licences	6,000	-	6,000	4,965	1,035
Fishing licences	240,000	-	240,000	254,728	(14,728)
Outfitting fees	10,000	-	10,000	5,684	4,316
Air emissions permit fee	-	-	-	525	(525)
	892,000	-	892,000	908,398	(16,398)

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Environment					
Third-party recoveries					
Operations and maintenance					
Yukon Wildlife Preserve	$ 50,000	$ -	$ 50,000	$ -	$ 50,000
Advertising recoveries - publications	10,000	-	10,000	9,373	627
Mapping recoveries	10,000	-	10,000	1,080	8,920
Miscellaneous partnerships	200,000	-	200,000	-	200,000
Freshwater fisheries agreement - Yukon Development Corporation	20,000	-	20,000	20,000	-
Compulsory inspections - Province of British Columbia	2,000	-	2,000	1,500	500
Conservation Action Team	2,000	-	2,000	2,500	(500)
Special waste collection	60,000	60,000	120,000	120,016	(16)
Nature Serve Yukon - Nature Conservancy of Canada	35,000	50,000	85,000	34,750	50,250
Boreal forest project - University of British Columbia	50,000	-	50,000	41,954	8,046
International Polar Year - moose project - Vuntut Gwitchin First Nation	-	73,000	73,000	73,114	(114)
International Polar Year - arctic tundra project - University of British Columbia	-	105,000	105,000	105,036	(36)
Natural resources law enforcement chiefs conference	-	-	-	7,030	(7,030)
Porcupine Caribou monitoring	-	-	-	3,950	(3,950)
Yellowstone to Yukon conservation initiative	-	-	-	2,500	(2,500)
Wildlife viewing initiatives - Fishing Branch	-	-	-	1,500	(1,500)

Schedule of Revenues by Department
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Environment					
Third-party recoveries (continued)					
Capital					
Tombstone Park Interpretive Centre exhibits - Holland America Line Inc.	$ 100,000	$ -	$ 100,000	$ 100,000	$ -
	539,000	288,000	827,000	524,303	302,697
Total revenues	**2,359,000**	**418,000**	**2,777,000**	**2,495,495**	**281,505**
Finance					
From Canada					
Formula Financing grant	543,595,000	-	543,595,000	543,595,001	(1)
Canada health transfer	22,461,000	(15,000)	22,446,000	22,109,000	337,000
Canada social transfer	9,582,000	228,000	9,810,000	9,724,792	85,208
Patient wait times guarantee trust	4,473,000	-	4,473,000	4,473,061	(61)
Human pappillomavirus immunization trust	284,000	-	284,000	283,836	164
Ecotrust for clean air and climate change	5,000,000	-	5,000,000	5,000,000	-
Community development trust	-	3,829,000	3,829,000	3,828,832	168
Building Canada plan	-	25,000,000	25,000,000	25,000,000	-
Health reform trust (prior years')	-	(1,000)	(1,000)	(1,000)	-
	585,395,000	29,041,000	614,436,000	614,013,522	422,478

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Finance					
Taxes and general revenues					
Personal income tax	$ 41,162,000	$ 1,700,000	$ 42,862,000	$ 44,605,975	$ (1,743,975)
Corporate income tax	9,698,000	-	9,698,000	12,751,928	(3,053,928)
Fuel oil tax - diesel	2,805,000	-	2,805,000	2,981,952	(176,952)
Fuel oil tax - other	3,704,000	-	3,704,000	3,726,450	(22,450)
Insurance premium tax	1,509,000	-	1,509,000	1,632,912	(123,912)
Tobacco tax	6,940,000	240,000	7,180,000	7,244,825	(64,825)
Banking and investment	3,750,000	-	3,750,000	2,417,218	1,332,782
Interest on accounts receivable	10,000	-	10,000	18,442	(8,442)
Exchange	4,000	-	4,000	(11,124)	15,124
Loan guarantee fees	2,000	-	2,000	-	2,000
Miscellaneous revenue	23,000	-	23,000	(2,426)	25,426
Recovery of bad debts	-	1,470,000	1,470,000	1,488,226	(18,226)
Business loan interest	-	-	-	22,366	(22,366)
	69,607,000	3,410,000	73,017,000	76,876,744	(3,859,744)
Third-party recoveries					
Operations and maintenance					
Workers' Compensation Health and Safety Board payroll	6,000	-	6,000	6,000	-
Charge card incentive	10,000	-	10,000	24,333	(14,333)
Capital					
Loan guarantee contingency	250,000	-	250,000	-	250,000
	266,000	-	266,000	30,333	235,667
Total revenues	**655,268,000**	**32,451,000**	**687,719,000**	**690,920,599**	**(3,201,599)**

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Health and Social Services					
From Canada					
Grants from Canada					
Territorial health access fund	$ 4,333,000	$ -	$ 4,333,000	$ 4,333,334	$ (334)
Territorial health access fund - Operational Secretariat	2,000,000	-	2,000,000	2,000,000	-
Medical travel fund	1,600,000	-	1,600,000	1,600,000	-
Operations and maintenance					
Child welfare					
- Indian and Northern Affairs Canada (INAC)	7,557,000	-	7,557,000	7,583,218	(26,218)
Federal child benefit	482,000	52,000	534,000	588,136	(54,136)
Transition home - INAC	294,000	-	294,000	232,200	61,800
Dawson shelter - INAC	21,000	-	21,000	-	21,000
Youth criminal justice	1,252,000	211,000	1,463,000	1,463,874	(874)
Social services - INAC	402,000	(200,000)	202,000	(160,440)	362,440
Yukon child benefit - INAC	450,000	225,000	675,000	1,008,975	(333,975)
Continuing care facilities - INAC	2,019,000	412,000	2,431,000	2,926,728	(495,728)
Home care - INAC	110,000	(24,000)	86,000	113,021	(27,021)
Emergency travel recoveries					
- non-insured health benefits medical travel	926,000	-	926,000	703,495	222,505
Hearing assessments and aids	140,000	-	140,000	81,567	58,433
Community nursing					
- Lower Post recovery	15,000	-	15,000	31,578	(16,578)
Chronic disease surveillance	-	104,000	104,000	100,000	4,000
Community health - other	-	-	-	(7,145)	7,145
	21,601,000	780,000	22,381,000	22,598,541	(217,541)

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Health and Social Services					
Taxes and general revenues					
Registration and fees	$ 34,000	$ -	$ 34,000	$ 45,114	$ (11,114)
Environmental health - inspection/permits	8,000	-	8,000	11,250	(3,250)
	42,000	-	42,000	56,364	(14,364)
Third-party recoveries					
Operations and maintenance					
Family and children's services - client recovery	4,000	-	4,000	2,315	1,685
Social services - client recovery	50,000	-	50,000	90,913	(40,913)
Continuing care facilities	871,000	(38,000)	833,000	893,064	(60,064)
Third-party health care costs	2,349,000	1,029,000	3,378,000	2,983,258	394,742
Hearing assessments and aids	140,000	-	140,000	371,063	(231,063)
Community nursing					
- patient services	476,000	-	476,000	479,537	(3,537)
- drugs and vaccines	82,000	-	82,000	95,625	(13,625)
- rent/utility recoveries	124,000	(12,000)	112,000	104,009	7,991
- other recoveries	4,000	-	4,000	5,079	(1,079)
- third party - ambulance	100,000	(100,000)	-	-	-
Capital					
Systems development	1,125,000	1,649,000	2,774,000	2,101,641	672,359
	5,325,000	2,528,000	7,853,000	7,126,504	726,496

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Health and Social Services					
Third-party recoveries (continued)					
Less funding for tangible capital assets transferred to deferred capital contributions	$ (2,925,000)	$ 1,276,000	$ (1,649,000)	$ (647,911)	$ (1,001,089)
	2,400,000	3,804,000	6,204,000	6,478,593	(274,593)
Amortization of deferred capital contributions	1,414,000	131,000	1,545,000	1,525,711	19,289
Total revenues	**25,457,000**	**4,715,000**	**30,172,000**	**30,659,209**	**(487,209)**
Highways and Public Works					
From Canada					
Operations and maintenance					
Information and communications service agreements	71,000	-	71,000	105,172	(34,172)
Transportation recoverable services	30,000	-	30,000	118,389	(88,389)
National safety code agreement	128,000	-	128,000	127,930	70
Airports	4,000	42,000	46,000	6,767	39,233
French Language Services Directorate - Canadian Heritage	1,540,000	215,000	1,755,000	1,775,000	(20,000)
Capital					
Aviation/Yukon airport operations support equipment	2,991,000	(1,401,000)	1,590,000	470,098	1,119,902
Transportation planning & engineering	91,000	-	91,000	242,621	(151,621)
Alaska Highway - Canadian strategic infrastructure fund	3,368,000	27,000	3,395,000	2,566,673	828,327
Aviation/Yukon airports - Whitehorse	146,000	165,000	311,000	229,218	81,782
Project management services	500,000	(250,000)	250,000	580,370	(330,370)
Computer equipment systems	10,000	-	10,000	10,000	-
National road network geomatics	-	6,000	6,000	8,489	(2,489)

GOVERNMENT OF YUKON

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Schedule of Revenues by Department
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Highways and Public Works					
From Canada (continued)					
Intelligent transportation systems	$ -	$ 2,000	$ 2,000	$ -	$ 2,000
Aviation/Yukon airports - Old Crow	-	155,000	155,000	32,150	122,850
Klondike Highway - Indian and Northern Affairs Canada	-	-	-	270,000	(270,000)
	8,879,000	(1,039,000)	7,840,000	6,542,877	1,297,123
Less funding for tangible capital assets transferred to deferred capital contributions	(6,505,000)	376,000	(6,129,000)	(3,218,291)	(2,910,709)
	2,374,000	(663,000)	1,711,000	3,324,586	(1,613,586)
Taxes and general revenues					
Access to Information and Protection of Privacy	10,000	-	10,000	10,917	(917)
Highway information signs/permits	17,000	-	17,000	13,830	3,170
Aviation operations	738,000	-	738,000	888,059	(150,059)
Motor Transport Board fees	14,000	-	14,000	8,536	5,464
Weigh station fees	82,000	-	82,000	116,803	(34,803)
Adult French language class fees	22,000	-	22,000	22,300	(300)
Connect Yukon - management fee	-	26,000	26,000	26,317	(317)
	883,000	26,000	909,000	1,086,762	(177,762)

GOVERNMENT OF YUKON

Schedule of Revenues by Department
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Highways and Public Works					
Third-party recoveries					
Operations and maintenance					
Deposit forfeitures	$ 1,000	$ -	$ 1,000	$ -	$ 1,000
Information and communications service agreements	264,000	-	264,000	182,287	81,713
Highways employee housing	34,000	-	34,000	22,397	11,603
Transportation recoverable services	271,000	-	271,000	206,872	64,128
Airports	1,471,000	42,000	1,513,000	1,517,097	(4,097)
Queen's Printer subscriptions	65,000	-	65,000	30,664	34,336
Travel agent processing	23,000	-	23,000	21,704	1,296
Adult French language class fees	3,000	-	3,000	3,560	(560)
Weigh scales	-	-	-	2,335	(2,335)
Capital					
Alaska Highway - Shakwak	29,750,000	436,000	30,186,000	29,322,103	863,897
Project management services	500,000	(250,000)	250,000	350,325	(100,325)
Bridges - numbered highways	-	19,000	19,000	26,766	(7,766)
Sale of government surplus equipment	-	7,000	7,000	22,569	(15,569)
	32,382,000	254,000	32,636,000	31,708,679	927,321
Less funding for tangible capital assets transferred to deferred capital contributions	(27,940,000)	-	(27,940,000)	(28,764,000)	824,000
	4,442,000	254,000	4,696,000	2,944,679	1,751,321
Amortization of deferred capital contributions	12,080,000	(35,000)	12,045,000	12,131,410	(86,410)
Total revenues	**19,779,000**	**(418,000)**	**19,361,000**	**19,487,437**	**(126,437)**

GOVERNMENT OF YUKON

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Schedule of Revenues by Department
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Justice					
From Canada					
Operations and maintenance					
Child support guidelines	$ 207,000	$ -	$ 207,000	$ 206,998	$ 2
Legal aid	864,000	126,000	990,000	1,090,216	(100,216)
Aboriginal courtworker program	158,000	-	158,000	184,833	(26,833)
Yukon Public Legal Education Association	70,000	-	70,000	70,000	-
Institutional facilities	10,000	20,000	30,000	26,656	3,344
Parole supervision	70,000	-	70,000	70,000	-
Justice Canada					
- Outreach workers	50,000	-	50,000	50,000	-
- Counselling for kids	50,000	-	50,000	50,000	-
- National victims of crime awareness week	-	3,000	3,000	2,673	327
- Victim services for communities	-	8,000	8,000	8,000	-
- Victims of Crime Conference	-	-	-	47,550	(47,550)
Community Court					
- National Crime Prevention Centre	200,000	-	200,000	156,146	43,854
Fetal alcohol spectrum disorder research	-	47,000	47,000	47,500	(500)
Jury debriefing project	-	18,000	18,000	15,000	3,000
Northern Institute of Justice feasibility study					
- Justice Canada	-	42,000	42,000	45,373	(3,373)
- Royal Canadian Mounted Police	-	6,000	6,000	5,891	109
Administration of justice	-	50,000	50,000	23,461	26,539
Videoconferencing recovery	-	-	-	227	(227)
	1,679,000	320,000	1,999,000	2,100,524	(101,524)

GOVERNMENT OF YUKON

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Schedule of Revenues by Department
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Justice					
Taxes and general revenues					
Fines - Territorial Court	$ 400,000	$ -	$ 400,000	$ 374,308	$ 25,692
Sheriff's Office	20,000	-	20,000	36,958	(16,958)
Public guardian and trustee fees	40,000	-	40,000	19,839	20,161
Land titles fees	200,000	-	200,000	283,569	(83,569)
	660,000	-	660,000	714,674	(54,674)
Third-party recoveries					
Operations and maintenance					
Worker advocate	451,000	-	451,000	330,953	120,047
Witness program - videoconferencing	4,000	-	4,000	2,150	1,850
Public Utilities Board hearings	100,000	-	100,000	118,725	(18,725)
Outreach worker - Province of British Columbia	10,000	-	10,000	13,820	(3,820)
	565,000	-	565,000	465,648	99,352
Total revenues	**2,904,000**	**320,000**	**3,224,000**	**3,280,846**	**(56,846)**
Public Service Commission					
From Canada					
Operations and maintenance					
Staff development - operations	-	-	-	1,000	(1,000)

GOVERNMENT OF YUKON

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Schedule of Revenues by Department
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Public Service Commission					
Third-party recoveries					
Operations and maintenance					
Staff development - operations	$ 45,000	$ -	$ 45,000	$ 20,128	$ 24,872
Total Revenues	**45,000**	**-**	**45,000**	**21,128**	**23,872**
Tourism and Culture					
From Canada					
Operations and maintenance					
Commercial heritage properties incentive fund	-	8,000	8,000	8,000	-
Capital					
Historic places initiative	225,000	66,000	291,000	227,804	63,196
Virtual museums - Mount Logan	51,000	-	51,000	7,234	43,766
	276,000	74,000	350,000	243,038	106,962
Taxes and general revenues					
Yukon Beringia Interpretive Centre	70,000	-	70,000	69,205	795
Archives - photocopier fees	6,000	-	6,000	2,092	3,908
Archives - sale of photographs	6,000	-	6,000	5,985	15
Vacation guide advertising revenue	115,000	-	115,000	121,914	(6,914)
	197,000	-	197,000	199,196	(2,196)

GOVERNMENT OF YUKON

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Schedule of Revenues by Department
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Tourism and Culture					
Third-party recoveries					
Operations and maintenance					
Yukon Lottery Commission	$ 240,000	$ -	$ 240,000	$ 240,000	$ -
Joint Yukon/Alaska marketing program	143,000	(20,000)	123,000	110,625	12,375
	383,000	(20,000)	363,000	350,625	12,375
Total revenues	**856,000**	**54,000**	**910,000**	**792,859**	**117,141**
Yukon Liquor Corporation					
Taxes and general revenues					
Corporate net income	6,108,000	(366,000)	5,742,000	6,389,750	(647,750)
Liquor tax	2,998,000	70,000	3,068,000	3,311,083	(243,083)
Total revenues	**9,106,000**	**(296,000)**	**8,810,000**	**9,700,833**	**(890,833)**
Interest					
Taxes and general revenues					
Operations and maintenance					
Interest	**258,000**	**-**	**258,000**	**258,053**	**(53)**

GOVERNMENT OF YUKON

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Schedule of Revenues by Department
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Restricted Funds					
Third-party recoveries					
Operations and maintenance					
Restricted funds	$ -	$ -	$ -	$ 1,237,248	$ (1,237,248)
Amortization of deferred capital contributions	-	-	-	56,299	(56,299)
Total revenues	-	-	-	**1,293,547**	**(1,293,547)**
Totals					
From Canada	645,217,000	34,537,000	679,754,000	671,433,288	8,320,712
Taxes and general revenues	91,725,000	4,035,000	95,760,000	104,017,787	(8,257,787)
Third-party recoveries	62,330,000	1,060,000	63,390,000	58,043,923	5,346,077
Less: Funding for tangible capital assets transferred to deferred capital contributions	(38,120,000)	960,000	(37,160,000)	(34,081,729)	(3,078,271)
Land recoveries transferred to land held for sale	(16,350,000)	(6,093,000)	(22,443,000)	(10,130,762)	(12,312,238)
Local improvement recoveries transferred to loans receivable	(1,200,000)	(150,000)	(1,350,000)	(412,527)	(937,473)
Amortization of deferred capital contributions	13,732,000	315,000	14,047,000	14,189,459	(142,459)
Total revenues	**$ 757,334,000**	**$ 34,664,000**	**$ 791,998,000**	**$ 803,059,439**	**$ (11,061,439)**

GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Expenses
for the year ended March 31, 2008

	2008	2007	Increase (Decrease)
Yukon Legislative Assembly			
Operations and maintenance			
Legislative services	$ 2,702,406	$ 2,146,848	$ 555,558
Legislative Assembly Office	638,086	606,038	32,048
Retirement allowances and death benefits	(440,484)	(457,601)	17,117
Hansard	265,370	379,846	(114,476)
Conflicts Commission	25,009	37,860	(12,851)
	3,190,387	2,712,991	477,396
Capital			
Legislative Assembly Office	22,163	39,100	(16,937)
Amortization expenses	4,168	6,930	(2,762)
Total expenses	**3,216,718**	**2,759,021**	**457,697**
Elections Office			
Operations and maintenance			
Elections	251,132	662,368	(411,236)
Capital			
Elections	5,102	-	5,102
Total expenses	**256,234**	**662,368**	**(406,134)**
Office of the Ombudsman			
Operations and maintenance			
Office of the Ombudsman	515,000	433,775	81,225
Capital			
Office of the Ombudsman	3,000	6,449	(3,449)
Total expenses	**518,000**	**440,224**	**77,776**

GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Expenses
for the year ended March 31, 2008

	2008	2007	Increase (Decrease)
Executive Council Office			
Operations and maintenance			
Corporate services	$ 3,525,619	$ 3,201,346	$ 324,273
Land Claims and Implementation Secretariat	6,767,592	6,713,229	54,363
Devolution	509,240	614,898	(105,658)
Intergovernmental relations	1,264,829	1,151,052	113,777
Government audit services	409,035	316,827	92,208
Governance liaison and capacity development	380,603	-	380,603
Office of the Commissioner	195,408	142,005	53,403
Development assessment	1,075,235	781,172	294,063
Cabinet Offices	2,286,725	2,015,432	271,293
Yukon Water Board Secretariat	784,747	746,282	38,465
Youth Directorate	638,280	501,020	137,260
Northern strategy	662,326	261,000	401,326
	18,499,639	16,444,263	2,055,376
Capital			
Corporate services	137,675	113,063	24,612
Land Claims and Implementation Secretariat	25,833,731	6,869,331	18,964,400
Governance liaison and capacity development	100,000	100,000	-
Youth Directorate	200,000	200,000	-
	26,271,406	7,282,394	18,989,012
Less acquisition of tangible capital assets	(15,014)	(42,015)	27,001
	26,256,392	7,240,379	19,016,013
Amortization expenses	15,565	11,411	4,154
Total expenses	**44,771,596**	**23,696,053**	**21,075,543**
Community Services			
Operations and maintenance			
Corporate services	4,459,651	4,226,232	233,419
Protective services	21,347,714	18,476,346	2,871,368
Community development	29,867,019	32,669,523	(2,802,504)
Consumer and safety services	4,282,540	3,926,305	356,235
	59,956,924	59,298,406	658,518

GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Expenses
for the year ended March 31, 2008

	2008	2007	Increase (Decrease)
Community Services			
Capital			
Corporate services	$ 771,051	$ 1,030,273	$ (259,222)
Protective services	2,031,365	2,998,854	(967,489)
Community development	20,488,192	41,914,574	(21,426,382)
	23,290,608	45,943,701	(22,653,093)
Less: Acquisition of tangible capital assets	(4,035,389)	(18,044,021)	14,008,632
Land development costs transferred to land held for sale	(4,310,535)	(5,765,414)	1,454,879
Local improvement costs transferred to loans receivable	(786,154)	(864,143)	77,989
	14,158,530	21,270,123	(7,111,593)
Amortization expenses	1,543,621	854,658	688,963
Total expenses	**75,659,075**	**81,423,187**	**(5,764,112)**
Economic Development			
Operations and maintenance			
Corporate services	1,093,372	1,280,118	(186,746)
Corporate planning and economic policy	1,321,381	1,243,990	77,391
Business and trade	1,133,792	1,046,170	87,622
Regional economic development	808,214	659,747	148,467
Strategic industries development	1,823,031	1,930,027	(106,996)
	6,179,790	6,160,052	19,738
Capital			
Corporate services	156,968	95,651	61,317
Corporate planning and economic policy	520,373	2,370,569	(1,850,196)
Business and trade	1,822,967	2,410,617	(587,650)
Regional economic development	3,386,315	2,957,031	429,284
Strategic industries development	2,308,708	2,382,060	(73,352)
	8,195,331	10,215,928	(2,020,597)
Less acquisition of tangible capital assets	(139,501)	(74,965)	(64,536)
	8,055,830	10,140,963	(2,085,133)

GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Expenses
for the year ended March 31, 2008

	2008	2007	Increase (Decrease)
Economic Development			
Amortization expenses	$ 33,413	$ 1,984	$ 31,429
Total expenses	**14,269,033**	**16,302,999**	**(2,033,966)**
Education			
Operations and maintenance			
Education support services	14,929,405	14,474,851	454,554
Public schools	80,711,518	75,022,439	5,689,079
Advanced education	24,934,831	23,687,241	1,247,590
	120,575,754	113,184,531	7,391,223
Capital			
Education support services	54,835	131,099	(76,264)
Public schools	7,671,627	15,866,481	(8,194,854)
Advanced education	2,855,768	2,788,257	67,511
	10,582,230	18,785,837	(8,203,607)
Less acquisition of tangible capital assets	(1,961,139)	(10,931,199)	8,970,060
	8,621,091	7,854,638	766,453
Amortization expenses	5,850,137	5,143,974	706,163
Total expenses	**135,046,982**	**126,183,143**	**8,863,839**

Schedule 3

Comparative Schedule of Expenses
for the year ended March 31, 2008

	2008	2007	Increase (Decrease)
Energy, Mines and Resources			
Operations and maintenance			
Corporate services	$ 3,030,944	$ 2,858,978	$ 171,966
Sustainable resources	6,090,998	6,553,049	(462,051)
Energy and corporate policy	3,054,455	2,692,661	361,794
Oil and gas and mineral resources	18,223,103	15,470,926	2,752,177
Yukon Placer Regime Secretariat	572,396	575,402	(3,006)
Client services and inspections	4,758,767	4,256,050	502,717
	35,730,663	32,407,066	3,323,597
Capital			
Corporate services	553,387	751,639	(198,252)
Sustainable resources	1,545,063	1,052,736	492,327
Energy and corporate policy	10,000	60,000	(50,000)
Oil and gas and mineral resources	2,633,326	2,743,688	(110,362)
	4,741,776	4,608,063	133,713
Less: Acquisition of tangible capital assets	(348,680)	(504,666)	155,986
Land development costs transferred to land held for sale	(127,200)	(424,585)	297,385
	4,265,896	3,678,812	587,084
Amortization expenses	104,363	99,756	4,607
Total expenses	**40,100,922**	**36,185,634**	**3,915,288**

GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Expenses
for the year ended March 31, 2008

	2008	2007	Increase (Decrease)
Environment			
Operations and maintenance			
General management	$ 317,867	$ 289,205	$ 28,662
Corporate services	5,039,442	4,886,275	153,167
Environmental sustainability	16,587,417	15,038,012	1,549,405
	21,944,726	20,213,492	1,731,234
Capital			
Corporate services	1,502,692	1,038,462	464,230
Environmental sustainability	1,221,670	1,343,246	(121,576)
	2,724,362	2,381,708	342,654
Less acquisition of tangible capital assets	(350,463)	(351,977)	1,514
	2,373,899	2,029,731	344,168
Amortization expenses	170,934	155,584	15,350
Total expenses	**24,489,559**	**22,398,807**	**2,090,752**
Finance			
Operations and maintenance			
Treasury	4,978,502	4,806,603	171,899
Workers' compensation supplementary benefits	395,999	372,503	23,496
Bad debts expense	-	87,920	(87,920)
	5,374,501	5,267,026	107,475
Capital			
Treasury	86,642	38,181	48,461
Bad debts expense	-	989	(989)
	86,642	39,170	47,472
Amortization expenses	4,132	4,132	-
Total expenses	**5,465,275**	**5,310,328**	**154,947**

GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Expenses for the year ended March 31, 2008

	2008	2007	Increase (Decrease)
Health and Social Services			
Operations and maintenance			
Policy, planning and administration	$ 5,630,887	$ 5,249,067	$ 381,820
Family and children's services	32,421,849	29,638,205	2,783,644
Social services	20,934,597	20,268,333	666,264
Continuing care	23,592,382	21,588,657	2,003,725
Health services	114,533,394	110,813,847	3,719,547
Regional services	4,428,447	4,357,953	70,494
	201,541,556	191,916,062	9,625,494
Capital			
Policy, planning and administration	2,891,995	1,588,548	1,303,447
Family and children's services	1,372,597	457,676	914,921
Social services	44,548	122,031	(77,483)
Continuing care	2,331,039	2,146,000	185,039
Health services	1,157,479	1,586,037	(428,558)
	7,797,658	5,900,292	1,897,366
Less acquisition of tangible capital assets	(2,097,688)	(2,780,704)	683,016
	5,699,970	3,119,588	2,580,382
Amortization expenses	2,737,059	2,716,083	20,976
Total expenses	**209,978,585**	**197,751,733**	**12,226,852**
Highways and Public Works			
Operations and maintenance			
Corporate services	4,718,888	4,487,580	231,308
Information and communications technology	7,847,793	6,865,089	982,704
Transportation	46,649,198	43,490,546	3,158,652
Supply services	3,227,995	3,141,151	86,844
Real property management	17,051,265	16,324,359	726,906
French Language Services Directorate	2,045,804	1,703,736	342,068
Central Stores write-off	(3,569)	5,728	(9,297)
	81,537,374	76,018,189	5,519,185
Less capital lease payments transferred to capital lease obligations	(979,107)	(867,770)	(111,337)
	80,558,267	75,150,419	5,407,848

GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Expenses for the year ended March 31, 2008

	2008	2007	Increase (Decrease)
Highways and Public Works			
Capital			
Corporate services	$ 359,193	$ 228,255	$ 130,938
Information and communications technology	3,569,521	3,287,288	282,233
Transportation	51,580,033	66,932,729	(15,352,696)
Supply services	50	168,585	(168,535)
Real property management	5,079,313	4,228,848	850,465
French Language Services Directorate	10,000	13,810	(3,810)
	60,598,110	74,859,515	(14,261,405)
Less acquisition of tangible capital assets	(43,108,646)	(53,604,763)	10,496,117
	17,489,464	21,254,752	(3,765,288)
Amortization expenses	19,515,415	19,258,926	256,489
Write-down/disposal loss of tangible capital assets	4,886	-	4,886
Total expenses	**117,568,032**	**115,664,097**	**1,903,935**
Justice			
Operations and maintenance			
Management services	2,645,964	2,431,818	214,146
Court services	5,622,709	5,178,311	444,398
Legal services	4,619,216	4,446,397	172,819
Regulatory services	1,337,525	1,277,656	59,869
Community and correctional services	11,509,835	10,471,299	1,038,536
Crime prevention and policing	17,608,675	15,575,238	2,033,437
Human rights	695,503	491,024	204,479
	44,039,427	39,871,743	4,167,684
Capital			
Management services	498,910	314,008	184,902
Court services	86,833	1,250	85,583
Community and correctional services	914,926	411,579	503,347
Crime prevention and policing	18,072	54,293	(36,221)
	1,518,741	781,130	737,611

GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Expenses
for the year ended March 31, 2008

	2008	2007	Increase (Decrease)
Justice			
Less acquisition of tangible capital assets	$ (1,295,780)	$ (427,467)	$ (868,313)
	222,961	353,663	(130,702)
Amortization expenses	670,401	737,608	(67,207)
Total expenses	**44,932,789**	**40,963,014**	**3,969,775**
Public Service Commission			
Operations and maintenance			
Finance and administration	747,957	678,690	69,267
Corporate human resource services	2,789,306	2,194,476	594,830
Employee compensation	1,465,457	1,412,548	52,909
Staff relations	1,050,946	1,149,356	(98,410)
Workers' compensation fund	5,028,886	5,882,293	(853,407)
Human resource management systems	586,909	525,540	61,369
Policy and planning	837,097	790,812	46,285
Employee future benefits	16,498,367	14,342,651	2,155,716
Staff development	3,866,178	2,977,894	888,284
	32,871,103	29,954,260	2,916,843
Capital			
Finance and administration	55,534	68,806	(13,272)
Staff development	6,598	-	6,598
Corporate human resource services	-	20,719	(20,719)
	62,132	89,525	(27,393)
Less acquisition of tangible capital assets	-	(25,650)	25,650
	62,132	63,875	(1,743)
Amortization expenses	9,872	9,872	-
Total expenses	**32,943,107**	**30,028,007**	**2,915,100**

GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Expenses
for the year ended March 31, 2008

	2008	2007	Increase (Decrease)
Tourism and Culture			
Operations and maintenance			
Corporate services	$ 2,335,755	$ 2,383,357	$ (47,602)
Cultural services	5,013,003	4,738,671	274,332
Tourism	8,964,428	8,407,337	557,091
	16,313,186	15,529,365	783,821
Less acquisition of tangible capital assets	(153,732)	(54,904)	(98,828)
	16,159,454	15,474,461	684,993
Capital			
Corporate services	314,705	182,508	132,197
Cultural services	3,721,004	4,309,937	(588,933)
Tourism	1,346,158	988,464	357,694
	5,381,867	5,480,909	(99,042)
Less acquisition of tangible capital assets	(44,723)	-	(44,723)
	5,337,144	5,480,909	(143,765)
Amortization expenses	612,190	612,190	-
Total expenses	**22,108,788**	**21,567,560**	**541,228**
Women's Directorate			
Operations and maintenance			
Policy and program development	1,156,802	1,015,302	141,500
Capital			
Policy and program development	7,206	3,252	3,954
Total expenses	**1,164,008**	**1,018,554**	**145,454**

GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Expenses
for the year ended March 31, 2008

	2008	2007	Increase (Decrease)
Yukon Development Corporation (Transfer Payment)			
Capital			
Carmacks-Stewart Crossing transmission line project - planning	**$ -**	**$ 450,000**	**$ (450,000)**
Yukon Housing Corporation (Transfer Payment)			
Operations and maintenance	2,483,195	1,917,277	565,918
Capital	3,629,275	1,897,758	1,731,517
Total expenses	**6,112,470**	**3,815,035**	**2,297,435**
Interest on Loans			
Operations and maintenance			
Interest	**77,189**	**357,204**	**(280,015)**
Restricted Funds			
Operations and maintenance			
Net expenses	(2,373,376)	(2,623,357)	249,981
Amortization expenses	3,008,793	3,106,462	(97,669)
Total expenses	**635,417**	**483,105**	**152,312**

GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Expenses for the year ended March 31, 2008

	2008	2007	Increase (Decrease)
Totals			
Operations and maintenance	$ 649,864,972	$ 610,740,015	$ 39,124,957
Capital	154,917,609	178,764,731	(23,847,122)
	804,782,581	789,504,746	15,277,835
Less: Acquisition of tangible capital assets	(53,550,755)	(86,842,331)	33,291,576
Land development costs transferred to land held for sale	(4,437,735)	(6,189,999)	1,752,264
Local improvement costs transferred to loans receivable	(786,154)	(864,143)	77,989
Capital lease payments transferred to capital lease obligations	(979,107)	(867,770)	(111,337)
	745,028,830	694,740,503	50,288,327
Amortization expenses	34,280,063	32,719,570	1,560,493
Write-down/disposal loss of tangible capital assets	4,886	-	4,886
	$ 779,313,779	**$ 727,460,073**	**$ 51,853,706**

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2008

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Yukon Legislative Assembly						
Operations and maintenance						
Legislative services	$ 2,382,000	$ 446,000	$ -	$ 2,828,000	$ 2,702,406	$ 125,594
Legislative Assembly Office	639,000	-	-	639,000	638,086	914
Retirement allowances and death benefits	762,000	109,000	-	871,000	(440,484)	1,311,484
Hansard	428,000	-	-	428,000	265,370	162,630
Conflicts Commission	50,000	-	-	50,000	25,009	24,991
	4,261,000	**555,000**	**-**	**4,816,000**	**3,190,387**	**1,625,613**
Capital						
Legislative Assembly Office	**40,000**	**-**	**-**	**40,000**	**22,163**	**17,837**
Amortization expense	4,000	-	-	4,000	4,168	(168)
Total expenses	4,305,000	555,000	-	4,860,000	3,216,718	1,643,282
Elections Office						
Operations and maintenance						
Elections	**435,000**	**-**	**-**	**435,000**	**251,132**	**183,868**
Capital						
Elections	**5,000**	**-**	**-**	**5,000**	**5,102**	**(102)**
Total expenses	440,000	-	-	440,000	256,234	183,766

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2008

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Office of the Ombudsman						
Operations and maintenance						
Office of the Ombudsman	**$ 468,000**	**$ 64,000**	**$ -**	**$ 532,000**	**$ 515,000**	**$ 17,000**
Capital						
Office of the Ombudsman	**3,000**	**-**	**-**	**3,000**	**3,000**	**-**
Total expenses	471,000	64,000	-	535,000	518,000	17,000
Executive Council Office						
Operations and maintenance						
Corporate services	3,198,000	266,000	-	3,464,000	3,525,619	(61,619)
Land Claims and Implementation Secretariat	8,670,000	(504,000)	-	8,166,000	6,767,592	1,398,408
Devolution	648,000	219,000	-	867,000	509,240	357,760
Intergovernmental relations	1,040,000	55,000	-	1,095,000	1,264,829	(169,829)
Government audit services	479,000	32,000	-	511,000	409,035	101,965
Governance liaison and capacity development	324,000	417,000	-	741,000	380,603	360,397
Office of the Commissioner	149,000	3,000	-	152,000	195,408	(43,408)
Development assessment	799,000	728,000	-	1,527,000	1,075,235	451,765
Cabinet Offices	2,254,000	73,000	-	2,327,000	2,286,725	40,275
Yukon Water Board Secretariat	981,000	19,000	-	1,000,000	784,747	215,253
Youth Directorate	625,000	197,000	-	822,000	638,280	183,720
Northern strategy	5,400,000	(3,771,000)	-	1,629,000	662,326	966,674
	24,567,000	**(2,266,000)**	**-**	**22,301,000**	**18,499,639**	**3,801,361**

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2008

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Executive Council Office						
Capital						
Corporate services	$ 99,000	$ 62,000	$ -	$ 161,000	$ 137,675	$ 23,325
Land Claims and Implementation Secretariat	25,924,000	-	-	25,924,000	25,833,731	90,269
Governance liaison and capacity development	290,000	150,000	-	440,000	100,000	340,000
Youth Directorate	200,000	-	-	200,000	200,000	-
	26,513,000	**212,000**	**-**	**26,725,000**	**26,271,406**	**453,594**
Less acquisition of tangible capital assets	(30,000)	15,000	-	(15,000)	(15,014)	14
	26,483,000	227,000	-	26,710,000	26,256,392	453,608
Amortization expense	12,000	4,000	-	16,000	15,565	435
Total expenses	51,062,000	(2,035,000)	-	49,027,000	44,771,596	4,255,404

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2008

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Community Services						
Operations and maintenance						
Corporate services	$ 4,566,000	$ 212,000	$ -	$ 4,778,000	$ 4,459,651	$ 318,349
Protective services	13,858,000	7,307,000	-	21,165,000	21,347,714	(182,714)
Community development	28,833,000	941,000	-	29,774,000	29,867,019	(93,019)
Consumer and safety services	4,177,000	182,000	-	4,359,000	4,282,540	76,460
	51,434,000	**8,642,000**	**-**	**60,076,000**	**59,956,924**	**119,076**
Capital						
Corporate services	1,141,000	285,000	-	1,426,000	771,051	654,949
Protective services	3,191,000	(239,000)	-	2,952,000	2,031,365	920,635
Community development	41,305,000	1,811,000	-	43,116,000	20,488,192	22,627,808
	45,637,000	**1,857,000**	**-**	**47,494,000**	**23,290,608**	**24,203,392**
Less: Acquisition of tangible capital assets	(6,207,000)	573,000	-	(5,634,000)	(4,035,389)	(1,598,611)
Land development costs transferred to land held for sale	(16,250,000)	4,480,000	-	(11,770,000)	(4,310,535)	(7,459,465)
Local improvement costs transferred to loans receivable	(1,200,000)	(150,000)	-	(1,350,000)	(786,154)	(563,846)
	21,980,000	6,760,000	-	28,740,000	14,158,530	14,581,470
Amortization expense	974,000	589,000	-	1,563,000	1,543,621	19,379
Total expenses	74,388,000	15,991,000	-	90,379,000	75,659,075	14,719,925

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2008

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Economic Development						
Operations and maintenance						
Corporate services	$ 1,148,000	$ 54,000	$ -	$ 1,202,000	$ 1,093,372	$ 108,628
Corporate planning and economic policy	1,369,000	51,000	-	1,420,000	1,321,381	98,619
Business and trade	1,228,000	25,000	-	1,253,000	1,133,792	119,208
Regional economic development	837,000	24,000	-	861,000	808,214	52,786
Strategic industries development	1,823,000	136,000	-	1,959,000	1,823,031	135,969
	6,405,000	**290,000**	**-**	**6,695,000**	**6,179,790**	**515,210**
Capital						
Corporate services	173,000	-	-	173,000	156,968	16,032
Corporate planning and economic policy	800,000	(299,000)	23,000	524,000	520,373	3,627
Business and trade	2,167,000	544,000	-	2,711,000	1,822,967	888,033
Regional economic development	3,762,000	685,000	(23,000)	4,424,000	3,386,315	1,037,685
Strategic industries development	2,532,000	936,000	-	3,468,000	2,308,708	1,159,292
	9,434,000	**1,866,000**	**-**	**11,300,000**	**8,195,331**	**3,104,669**
Less acquisition of tangible capital assets	(150,000)	(6,000)	-	(156,000)	(139,501)	(16,499)
	9,284,000	1,860,000	-	11,144,000	8,055,830	3,088,170
Amortization expense	34,000	(1,000)	-	33,000	33,413	(413)
Total expenses	15,723,000	2,149,000	-	17,872,000	14,269,033	3,602,967

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2008

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Education						
Operations and maintenance						
Education support services	$ 14,497,000	$ 525,000	$ -	$ 15,022,000	$ 14,929,405	$ 92,595
Public schools	77,014,000	3,830,000	-	80,844,000	80,711,518	132,482
Advanced education	24,383,000	1,021,000	-	25,404,000	24,934,831	469,169
	115,894,000	**5,376,000**	**-**	**121,270,000**	**120,575,754**	**694,246**
Capital						
Education support services	62,000	-	-	62,000	54,835	7,165
Public schools	6,766,000	1,689,000	-	8,455,000	7,671,627	783,373
Advanced education	3,156,000	421,000	-	3,577,000	2,855,768	721,232
	9,984,000	**2,110,000**	**-**	**12,094,000**	**10,582,230**	**1,511,770**
Less acquisition of tangible capital assets	(1,031,000)	(752,000)	-	(1,783,000)	(1,961,139)	178,139
	8,953,000	1,358,000	-	10,311,000	8,621,091	1,689,909
Amortization expense	5,539,000	297,000	-	5,836,000	5,850,137	(14,137)
Total expenses	130,386,000	7,031,000	-	137,417,000	135,046,982	2,370,018

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2008

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Energy, Mines and Resources						
Operations and maintenance						
Corporate services	$ 2,957,000	$ 101,000	$ -	$ 3,058,000	$ 3,030,944	$ 27,056
Sustainable resources	5,969,000	183,000	-	6,152,000	6,090,998	61,002
Energy and corporate policy	3,354,000	(37,000)	-	3,317,000	3,054,455	262,545
Oil and gas and mineral resources	17,917,000	2,139,000	(90,000)	19,966,000	18,223,103	1,742,897
Yukon Placer Regime Secretariat	480,000	38,000	90,000	608,000	572,396	35,604
Client services and inspections	4,470,000	132,000	-	4,602,000	4,758,767	(156,767)
	35,147,000	**2,556,000**	**-**	**37,703,000**	**35,730,663**	**1,972,337**
Capital						
Corporate services	434,000	-	-	434,000	553,387	(119,387)
Sustainable resources	1,820,000	613,000	-	2,433,000	1,545,063	887,937
Energy and corporate policy	50,000	-	-	50,000	10,000	40,000
Oil and gas and mineral resources	2,878,000	434,000	-	3,312,000	2,633,326	678,674
	5,182,000	**1,047,000**	**-**	**6,229,000**	**4,741,776**	**1,487,224**
Less: Acquisition of tangible capital assets	(558,000)	(10,000)	-	(568,000)	(348,680)	(219,320)
Land development costs transferred to land held for sale	(100,000)	(71,000)	-	(171,000)	(127,200)	(43,800)
	4,524,000	966,000	-	5,490,000	4,265,896	1,224,104
Amortization expense	106,000	(2,000)	-	104,000	104,363	(363)
Total expenses	39,777,000	3,520,000	-	43,297,000	40,100,922	3,196,078

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2008

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Environment						
Operations and maintenance						
General management	$ 285,000	$ 18,000	$ 6,000	$ 309,000	$ 317,867	$ (8,867)
Corporate services	5,177,000	187,000	(168,000)	5,196,000	5,039,442	156,558
Environmental sustainability	16,853,000	916,000	162,000	17,931,000	16,587,417	1,343,583
	22,315,000	**1,121,000**	**-**	**23,436,000**	**21,944,726**	**1,491,274**
Capital						
Corporate services	1,280,000	456,000	-	1,736,000	1,502,692	233,308
Environmental sustainability	1,347,000	138,000	-	1,485,000	1,221,670	263,330
	2,627,000	**594,000**	**-**	**3,221,000**	**2,724,362**	**496,638**
Less acquisition of tangible capital assets	(337,000)	(259,000)	-	(596,000)	(350,463)	(245,537)
	2,290,000	335,000	-	2,625,000	2,373,899	251,101
Amortization expense	157,000	-	-	157,000	170,934	(13,934)
Total expenses	24,762,000	1,456,000	-	26,218,000	24,489,559	1,728,441

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2008

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Finance						
Operations and maintenance						
Treasury	$ 5,058,000	$ 198,000	$ -	$ 5,256,000	$ 4,978,502	$ 277,498
Workers' compensation supplementary benefits	426,000	-	-	426,000	395,999	30,001
Bad debts expense	48,000	-	-	48,000	-	48,000
	5,532,000	**198,000**	**-**	**5,730,000**	**5,374,501**	**355,499**
Capital						
Treasury	**296,000**	**57,000**	**-**	**353,000**	**86,642**	**266,358**
Amortization expense	4,000	-	-	4,000	4,132	(132)
Total expenses	5,832,000	255,000	-	6,087,000	5,465,275	621,725

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2008

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Health and Social Services						
Operations and maintenance						
Policy, planning and administration	$ 5,787,000	$ 157,000	$ -	$ 5,944,000	$ 5,630,887	$ 313,113
Family and children's services	32,250,000	1,919,000	-	34,169,000	32,421,849	1,747,151
Social services	22,939,000	46,000	-	22,985,000	20,934,597	2,050,403
Continuing care	23,710,000	1,647,000	-	25,357,000	23,592,382	1,764,618
Health services	111,906,000	2,634,000	-	114,540,000	114,533,394	6,606
Regional services	4,309,000	77,000	-	4,386,000	4,428,447	(42,447)
	200,901,000	**6,480,000**	**-**	**207,381,000**	**201,541,556**	**5,839,444**
Capital						
Policy, planning and administration	2,208,000	2,755,000	-	4,963,000	2,891,995	2,071,005
Family and children's services	693,000	1,431,000	-	2,124,000	1,372,597	751,403
Social services	93,000	59,000	-	152,000	44,548	107,452
Continuing care	8,076,000	(4,376,000)	-	3,700,000	2,331,039	1,368,961
Health services	1,928,000	(165,000)	-	1,763,000	1,157,479	605,521
	12,998,000	**(296,000)**	**-**	**12,702,000**	**7,797,658**	**4,904,342**
Less acquisition of tangible capital assets	(10,829,000)	6,120,000	-	(4,709,000)	(2,097,688)	(2,611,312)
	2,169,000	5,824,000	-	7,993,000	5,699,970	2,293,030
Amortization expense	2,736,000	182,000	-	2,918,000	2,737,059	180,941
Total expenses	205,806,000	12,486,000	-	218,292,000	209,978,585	8,313,415

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2008

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Highways and Public Works						
Operations and maintenance						
Corporate services	$ 4,644,000	$ 144,000	$ 100,000	$ 4,888,000	$ 4,718,888	$ 169,112
Information and communications technology	7,335,000	938,000	(296,000)	7,977,000	7,847,793	129,207
Transportation	45,427,000	1,777,000	196,000	47,400,000	46,649,198	750,802
Supply services	3,142,000	119,000	-	3,261,000	3,227,995	33,005
Real property management	16,876,000	462,000	-	17,338,000	17,051,265	286,735
French Language Services Directorate	1,761,000	263,000	-	2,024,000	2,045,804	(21,804)
Central Stores write off	-	-	-	-	(3,569)	3,569
	79,185,000	**3,703,000**	**-**	**82,888,000**	**81,537,374**	**1,350,626**
Less capital lease payments transferred to capital lease obligations	-	-	-	-	(979,107)	979,107
	79,185,000	3,703,000	-	82,888,000	80,558,267	2,329,733
Capital						
Corporate services	743,000	11,000	20,000	774,000	359,193	414,807
Information and communications technology	3,823,000	680,000	-	4,503,000	3,569,521	933,479
Transportation	60,538,000	(997,000)	(20,000)	59,521,000	51,580,033	7,940,967
Supply services	5,000	-	-	5,000	50	4,950
Real property management	7,213,000	859,000	-	8,072,000	5,079,313	2,992,687
French Language Services Directorate	10,000	-	-	10,000	10,000	-
	72,332,000	**553,000**	**-**	**72,885,000**	**60,598,110**	**12,286,890**
Less acquisition of tangible capital assets	(52,167,000)	1,385,000	-	(50,782,000)	(43,108,646)	(7,673,354)
	20,165,000	1,938,000	-	22,103,000	17,489,464	4,613,536

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2008

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Highways and Public Works						
Amortization expense	$ 18,711,000	$ (117,000)	$ -	$ 18,594,000	$ 19,515,415	$ (921,415)
Write-down/disposal loss of tangible capital assets	-	-	-	-	4,886	(4,886)
Total expenses	118,061,000	5,524,000	-	123,585,000	117,568,032	6,016,968
Justice						
Operations and maintenance						
Management services	2,670,000	256,000	-	2,926,000	2,645,964	280,036
Court services	4,988,000	137,000	-	5,125,000	5,622,709	(497,709)
Legal services	4,603,000	349,000	-	4,952,000	4,619,216	332,784
Regulatory services	1,205,000	165,000	-	1,370,000	1,337,525	32,475
Community and correctional services	11,255,000	492,000	-	11,747,000	11,509,835	237,165
Crime prevention and policing	17,576,000	334,000	-	17,910,000	17,608,675	301,325
Human rights	489,000	174,000	-	663,000	695,503	(32,503)
	42,786,000	**1,907,000**	**-**	**44,693,000**	**44,039,427**	**653,573**

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2008

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Justice						
Capital						
Management services	$ 231,000	$ 313,000	$ -	$ 544,000	$ 498,910	$ 45,090
Court services	50,000	53,000	-	103,000	86,833	16,167
Community and correctional services	3,447,000	(389,000)	-	3,058,000	914,926	2,143,074
Crime prevention and policing	44,000	23,000		67,000	18,072	48,928
	3,772,000	**-**	**-**	**3,772,000**	**1,518,741**	**2,253,259**
Less acquisition of tangible capital assets	(3,415,000)	111,000	-	(3,304,000)	(1,295,780)	(2,008,220)
	357,000	111,000	-	468,000	222,961	245,039
Amortization expense	728,000	-	-	728,000	670,401	57,599
Total expenses	43,871,000	2,018,000	-	45,889,000	44,932,789	956,211

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2008

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Public Service Commission						
Operations and maintenance						
Finance and administration	$ 596,000	$ 33,000	$ -	$ 629,000	$ 747,957	$ (118,957)
Corporate human resource services	2,622,000	567,000	-	3,189,000	2,789,306	399,694
Employee compensation	1,432,000	59,000	-	1,491,000	1,465,457	25,543
Staff relations	1,094,000	102,000	-	1,196,000	1,050,946	145,054
Workers' compensation fund	5,010,000	187,000	-	5,197,000	5,028,886	168,114
Human resource management systems	532,000	56,000	-	588,000	586,909	1,091
Policy and planning	843,000	54,000	-	897,000	837,097	59,903
Employee future benefits	15,065,000	1,730,000	-	16,795,000	16,498,367	296,633
Staff development	3,587,000	368,000	-	3,955,000	3,866,178	88,822
	30,781,000	**3,156,000**	**-**	**33,937,000**	**32,871,103**	**1,065,897**
Capital						
Finance and administration	60,000	-	-	60,000	55,534	4,466
Staff development	6,000	-	-	6,000	6,598	(598)
	66,000	**-**	**-**	**66,000**	**62,132**	**3,868**
Amortization expense	11,000	(1,000)	-	10,000	9,872	128
Total expenses	30,858,000	3,155,000	-	34,013,000	32,943,107	1,069,893

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2008

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Tourism and Culture						
Operations and maintenance						
Corporate services	$ 2,380,000	$ 21,000	$ (19,400)	$ 2,381,600	$ 2,335,755	$ 45,845
Cultural services	4,777,000	661,000	19,400	5,457,400	5,013,003	444,397
Tourism	8,609,000	250,000	-	8,859,000	8,964,428	(105,428)
	15,766,000	**932,000**	**-**	**16,698,000**	**16,313,186**	**384,814**
Less acquisition of tangible capital assets	-	-	-	-	(153,732)	153,732
	15,766,000	932,000	-	16,698,000	16,159,454	538,546
Capital						
Corporate services	296,000	72,000	60,000	428,000	314,705	113,295
Cultural services	3,803,000	539,000	(25,000)	4,317,000	3,721,004	595,996
Tourism	1,356,000	57,000	(35,000)	1,378,000	1,346,158	31,842
	5,455,000	**668,000**	**-**	**6,123,000**	**5,381,867**	**741,133**
Less acquisition of tangible capital assets	-	-	-	-	(44,723)	44,723
	5,455,000	668,000	-	6,123,000	5,337,144	785,856
Amortization expense	612,000	-	-	612,000	612,190	(190)
Total expenses	21,833,000	1,600,000	-	23,433,000	22,108,788	1,324,212

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2008

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Women's Directorate						
Operations and maintenance						
Policy and program development	**$ 1,161,000**	**$ 71,000**	**$ -**	**$ 1,232,000**	**$ 1,156,802**	**$ 75,198**
Capital						
Policy and program development	**12,000**	**-**	**-**	**12,000**	**7,206**	**4,794**
Less acquisition of tangible capital assets	(12,000)	-	-	(12,000)	-	(12,000)
	-	-	-	-	7,206	(7,206)
Amortization expense	2,000	-	-	2,000	-	2,000
Total expenses	1,163,000	71,000	-	1,234,000	1,164,008	69,992
Yukon Housing Corporation (Transfer Payment)						
Operations and maintenance	**2,428,000**	**1,066,000**	**-**	**3,494,000**	**2,483,195**	**1,010,805**
Capital	**3,336,000**	**2,025,000**	**-**	**5,361,000**	**3,629,275**	**1,731,725**
Total expenses	5,764,000	3,091,000	-	8,855,000	6,112,470	2,742,530

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2008

	Appropriation Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Interest on Loans						
Operations and maintenance						
Interest	**$ 213,000**	**$ (135,000)**	**$ -**	**$ 78,000**	**$ 77,189**	**$ 811**
Restricted Funds						
Operations and maintenance						
Net expenses	-	-	-	-	**(2,373,376)**	**2,373,376**
Amortization expense	-	-	-	-	3,008,793	(3,008,793)
Total expenses	-	-	-	-	635,417	(635,417)

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2008

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Totals						
Operations and maintenance	$ 639,679,000	$ 33,716,000	$ -	$ 673,395,000	$ 649,864,972	$ 23,530,028
Capital	197,692,000	10,693,000	-	208,385,000	154,917,609	53,467,391
Less: Acquisition of tangible capital assets	(74,736,000)	7,177,000	-	(67,559,000)	(53,550,755)	(14,008,245)
Land development costs transferred to land held for sale	(16,350,000)	4,409,000	-	(11,941,000)	(4,437,735)	(7,503,265)
Local improvement costs transferred to loans receivable	(1,200,000)	(150,000)	-	(1,350,000)	(786,154)	(563,846)
Capital lease payments transferred to capital lease obligations	-	-	-	-	(979,107)	979,107
Amortization expense	29,630,000	951,000	-	30,581,000	34,280,063	(3,699,063)
Write-down/disposal loss of tangible capital assets	-	-	-	-	4,886	(4,886)
	$ 774,715,000	**$ 56,796,000**	**$ -**	**$ 831,511,000**	**$ 779,313,779**	**$ 52,197,221**

GOVERNMENT OF YUKON

Schedule 5

Schedule of Recoveries of Prior Years' Expenses
for the year ended March 31, 2008

Department	Over Accruals	Other Recoveries	Total
Health and Social Services	$ 534,025	$ 8,955	$ 542,980
Community Services	157,694	17,150	174,844
Economic Development	114,149	25,632	139,781
Energy, Mines & Resources	75,503	43,089	118,592
Tourism and Culture	99,144	10,525	109,669
Highways and Public Works	52,532	2,004	54,536
Executive Council Office	29,367	-	29,367
Legislative Assembly	7,818	-	7,818
Justice	1,620	5,559	7,179
Education	-	3,260	3,260
Environment	2,263	-	2,263
Public Service Commission	-	250	250
Finance	-	180	180
	$ 1,074,115	**$ 116,604**	**$ 1,190,719**

GOVERNMENT OF YUKON

Schedule 6

Schedule of Restricted Funds
for the year ended March 31, 2008

	Recycling Fund	Health/Youth Investment Fund	Conservation Fund	Road and Airport Equipment Reserve Fund	Queen's Printer Revolving Fund	Vehicle Fleet Revolving Fund	Property Management Revolving Fund	Wildland Fire Suppression Revolving Fund	Risk Management Revolving Fund	2008 Total	2007 Total
Revenues											
Appropriation	$ -	$ 289,547	$ -	$ -	$ -	$ -	$ 17,337,849	$ 6,500,000	$ 1,271,000	$ 25,398,396	$ 24,544,849
Operating	2,606,393	-	14,216	9,257,724	616,107	3,790,188	15,731,463	837,766	203,105	33,056,962	33,557,333
	2,606,393	289,547	14,216	9,257,724	616,107	3,790,188	33,069,312	7,337,766	1,474,105	58,455,358	58,102,182
Expenses											
Operating	2,380,331	148,283	-	8,444,150	588,321	2,896,316	33,032,728	6,332,390	679,333	54,501,852	54,388,854
Amortization	-	-	-	2,017,044	43,257	948,491	-	-	-	3,008,792	3,106,463
	2,380,331	148,283	-	10,461,194	631,578	3,844,807	33,032,728	6,332,390	679,333	57,510,644	57,495,317
Net profit (loss) from operations	226,062	141,264	14,216	(1,203,470)	(15,471)	(54,619)	36,584	1,005,376	794,772	944,714	606,865
Excess (profit) loss (returned to) covered by appropriation	-	-	-	-	-	-	(286,584)	-	-	(286,584)	(24,490)
Net profit (loss) for the year	226,062	141,264	14,216	(1,203,470)	(15,471)	(54,619)	(250,000)	1,005,376	794,772	658,130	582,375
Adjustments for the *Financial Administration Act* requirements											
Acquisition of capital assets	-	-	-	(1,155,684)	-	(1,183,171)	-	-	-	(2,338,855)	(2,117,781)
Amortization of capital assets net of amortization of deferred capital contributions	-	-	-	2,017,044	43,257	892,192	-	-	-	2,952,493	3,030,891
(Gain) loss on sale of capital assets	-	-	-	54,349	-	35,244	-	-	-	89,593	98,546
Write-down of capital assets	-	-	-	-	-	-	-	-	-	-	13,500
Proceeds on sale of capital assets	-	-	-	162,529	-	51,589	-	-	-	214,118	271,181
Balance at beginning of year	589,103	(21,601)	61,340	6,523,217	2,999	591,918	250,000	1,878,467	3,131,105	13,006,548	11,127,836
Balance at end of year	$ 815,165	$ 119,663	$ 75,556	$ 6,397,985	$ 30,785	$ 333,153	$ -	$ 2,883,843	$ 3,925,877	$ 14,582,027	$ 13,006,548

GOVERNMENT OF YUKON

Schedule 6
Continued

Schedule of Restricted Funds
for the year ended March 31, 2008

	Recycling Fund	Health/Youth Investment Fund	Conservation Fund	Road and Airport Equipment Reserve Fund	Queen's Printer Revolving Fund	Vehicle Fleet Revolving Fund	Property Management Revolving Fund	Wildland Fire Suppression Revolving Fund	Risk Management Revolving Fund	2008 Total	2007 Total
Assets and liabilities that are specific to each Fund and included in the Government's assets and liabilities are as follows:											
Assets											
Accounts receivable	$ 277,151	$ -	$ -	$ -	$ -	$ 11,970	$ -	$ -	$ -	$ 289,121	$ 462,926
Tangible capital assets	-	-	-	14,513,801	165,097	4,721,631	-	-	-	19,400,529	20,389,939
(Deferred capital contributions)	-	-	-	-	-	(184,566)	-	-	-	(184,566)	(256,624)
	277,151	-	-	14,513,801	165,097	4,549,035	-	-	-	19,505,084	20,596,241
Liabilities											
Accounts payable and accrued liabilities	-	-	-	-	28,336	268,857	-	-	862,506	1,159,699	1,910,687
Accumulated surplus (deficit) of the Funds that are included in the Government's accumulated surplus are as follows:											
Accumulated surplus (deficit)	$ 815,165	$ 119,663	$ 75,556	$20,911,786	$ (133,823)	$ 2,355,595	$ -	$ 2,883,843	$ 3,925,877	$30,953,662	$30,295,531

GOVERNMENT OF YUKON

Schedule 7

Schedule of Inventory Revolving Funds
for the year ended March 31, 2008

	Garage Parts and Fuel Inventory Revolving Fund	Central Stores Revolving Fund	Highway Materials Revolving Fund	Fire Management Fuel & Retardant Inventory Revolving Fund	2008 Total	2007 Total
Opening inventory	$ 1,256,405	$ 559,348	$ 2,222,872	$ -	$ 4,038,625	$ 4,219,753
Add purchases	2,331,879	1,488,020	1,599,224	1,518,888	6,938,011	5,561,368
	3,588,284	2,047,368	3,822,096	1,518,888	10,976,636	9,781,121
Less: Consumption	2,258,446	1,470,873	2,108,942	789,241	6,627,502	5,735,786
Inventory adjustments	-	(3,608)	-	-	(3,608)	6,710
Closing inventory	**$ 1,329,838**	**$ 580,103**	**$ 1,713,154**	**$ 729,647**	**$ 4,352,742**	**$ 4,038,625**

GOVERNMENT OF YUKON

Schedule 8

Schedule of Grants
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Revised Appropriation	Actual	Under (Over) Estimates
Executive Council Office					
Operations and maintenance					
First Nations organizations	$ 5,000	$ -	$ 5,000	$ 5,000	$ -
Fathers of Confederation trust	5,000	5,000	10,000	10,000	-
	10,000	**5,000**	**15,000**	**15,000**	**-**
Capital					
Northern housing	25,734,000	-	25,734,000	25,734,269	(269)
First Nations support agreements	-	150,000	150,000	-	150,000
	25,734,000	**150,000**	**25,884,000**	**25,734,269**	**149,731**
Community Services					
Operations and maintenance					
In lieu of property taxes	4,327,000	280,000	4,607,000	4,607,233	(233)
Community/local advisory council operation and maintenance grants	70,000	-	70,000	62,221	7,779
Home owner grants	3,012,000	61,000	3,073,000	3,025,416	47,584
Comprehensive municipal grants	12,538,000	-	12,538,000	12,538,011	(11)
	19,947,000	**341,000**	**20,288,000**	**20,232,881**	**55,119**

GOVERNMENT OF YUKON

Schedule 8

Schedule of Grants
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Revised Appropriation	Actual	Under (Over) Estimates
Education					
Operations and maintenance					
Teacher training (French bursaries)	$ 10,000	$ -	$ 10,000	$ 10,000	$ -
Shad Valley	5,000	-	5,000	5,000	-
Post secondary student grants	4,444,000	-	4,444,000	4,044,896	399,104
Post secondary student scholarships	74,000	-	74,000	74,000	-
	4,533,000	**-**	**4,533,000**	**4,133,896**	**399,104**
Environment					
Operations and maintenance					
Wildlife health fund	1,000	-	1,000	1,000	-
Canadian Cooperative Wildlife Health Centre	10,000	-	10,000	10,000	-
Fur Institute of Canada	6,000	-	6,000	6,000	-
	17,000	**-**	**17,000**	**17,000**	**-**

GOVERNMENT OF YUKON

Schedule 8

Schedule of Grants
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Revised Appropriation	Actual	Under (Over) Estimates
Health and Social Services					
Operations and maintenance					
Adoption subsidies	$ 121,000	$ -	$ 121,000	$ 152,677	$ (31,677)
Child care subsidies	2,854,000	500,000	3,354,000	1,888,715	1,465,285
Federal child benefit - Whitehorse	218,000	-	218,000	225,616	(7,616)
Youth allowance	2,000	-	2,000	1,345	655
Alcohol and drug - education and prevention	10,000	-	10,000	10,100	(100)
Employment incentive grants	390,000	(50,000)	340,000	201,814	138,186
Social assistance - Whitehorse	7,990,000	63,000	8,053,000	7,468,404	584,596
Yukon seniors' income supplement	228,000	-	228,000	209,148	18,852
Pioneer utility grant	1,397,000	-	1,397,000	1,135,997	261,003
Rehabilitation subsidies	15,000	-	15,000	25,612	(10,612)
In lieu of property taxes - continuing care	250,000	-	250,000	213,800	36,200
Medical travel subsidies	909,000	-	909,000	1,239,668	(330,668)
In lieu of property taxes - community nursing	64,000	-	64,000	61,907	2,093
Health professional bursary	190,000	-	190,000	177,500	12,500
Federal child benefit - region	71,000	-	71,000	70,710	290
Social assistance - region	940,000	7,000	947,000	767,492	179,508
	15,649,000	**520,000**	**16,169,000**	**13,850,505**	**2,318,495**

GOVERNMENT OF YUKON

Schedule 8

Schedule of Grants
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Revised Appropriation	Actual	Under (Over) Estimates
Justice					
Operations and maintenance					
Yukon Workers' Compensation Health & Safety Board	$ 330,000	$ -	$ 330,000	$ 329,500	$ 500
Institutional facilities inmate allowance	50,000	8,000	58,000	53,656	4,344
Human Rights Commission	451,000	124,000	575,000	575,000	-
	831,000	**132,000**	**963,000**	**958,156**	**4,844**
Tourism and Culture					
Operations and maintenance					
Yukon Arts Centre Corporation	649,000	-	649,000	649,000	-
Yukon arts funding program	-	668,000	668,000	475,574	192,426
Advanced artist award	-	80,000	80,000	80,433	(433)
Touring artists fund	-	100,000	100,000	-	100,000
	649,000	**848,000**	**1,497,000**	**1,205,007**	**291,993**
Capital					
Arts fund	-	**693,000**	**693,000**	**462,718**	**230,282**

GOVERNMENT OF YUKON

Schedule 8

Schedule of Grants
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Revised Appropriation	Actual	Under (Over) Estimates
Women's Directorate					
Operations and maintenance					
Community workshops on family violence prevention	$ 5,000	$ -	$ 5,000	$ 5,000	$ -
Totals					
Operations and maintenance	41,641,000	1,846,000	43,487,000	40,417,445	3,069,555
Capital	25,734,000	843,000	26,577,000	26,196,987	380,013
	$ 67,375,000	$ 2,689,000	$ 70,064,000	$ 66,614,432	$ 3,449,568

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Executive Council Office						
Operations and maintenance						
Land claims and implementation secretariat						
- implementation initiatives	$ 3,254,000	$ -	$ -	$ 3,254,000	$ 2,828,354	$ 425,646
- various First Nations	50,000	-	-	50,000	2,000	48,000
- community language initiatives	910,000	-	-	910,000	820,642	89,358
- First Nations organizations	5,000	-	-	5,000	-	5,000
Devolution						
- various First Nations	100,000	-	-	100,000	120,000	(20,000)
- successor resource legislation working group	198,000	74,000	-	272,000	56,000	216,000
Vuntut Gwitchin First Nation	50,000	-	-	50,000	50,000	-
Commissioner's entertainment allowance	5,000	-	-	5,000	4,600	400
Klondike Visitors Association	10,000	-	-	10,000	10,000	-
Youth strategy initiatives	499,000	-	-	499,000	493,177	5,823
Northern strategy						
- various First Nations	837,000	792,000	-	1,629,000	646,626	982,374
Governance liaison and capacity development						
- various First Nations	-	376,000	-	376,000	80,000	296,000
Canadian Red Cross	-	-	-	-	20,000	(20,000)
Institute for Research on Northern Exposure	-	-	-	-	5,000	(5,000)
	5,918,000	**1,242,000**	-	**7,160,000**	**5,136,399**	**2,023,601**
Capital						
First Nations support agreements	290,000	-	-	290,000	100,000	190,000
Youth strategy initiatives	200,000	-	-	200,000	200,000	-
	490,000	-	-	**490,000**	**300,000**	**190,000**

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Community Services						
Operations and maintenance						
Emergency measures preparation	$ 5,000	$ -	$ -	$ 5,000	$ 5,000	$ -
Community recreation/active living	678,000	-	-	678,000	702,694	(24,694)
Sport	1,626,000	387,000	-	2,013,000	1,921,107	91,893
Association of Yukon Communities	100,000	-	-	100,000	100,000	-
Volunteer Bureau	67,000	-	-	67,000	63,000	4,000
Mae Bachur Animal Shelter	75,000	-	-	75,000	75,000	-
Dawson Humane Society	20,000	-	-	20,000	20,000	-
Community library boards	328,000	-	-	328,000	334,715	(6,715)
Emergency medical services	-	30,000	-	30,000	14,000	16,000
National BizPal program	-	12,000	-	12,000	12,000	-
	2,899,000	**429,000**	**-**	**3,328,000**	**3,247,516**	**80,484**
Capital						
FireSmart	850,000	-	-	850,000	758,259	91,741
Canada Winter Games infrastructure	666,000	-	-	666,000	666,000	-
Canada Winter Games Host Society - research proposal	20,000	-	-	20,000	20,000	-
Recreation/community centres - various	60,000	-	-	60,000	11,454	48,546
Riverbank stabilization - Old Crow	450,000	415,000	(436,000)	429,000	180,934	248,066
Canadian strategic infrastructure fund	5,764,000	3,317,000	-	9,081,000	2,450,419	6,630,581
Municipal rural infrastructure fund	9,573,000	(267,000)	-	9,306,000	5,186,319	4,119,681
Dawson City infrastructure	792,000	-	-	792,000	340,000	452,000
Kluane First Nation youth and elders activity centre	-	850,000	-	850,000	338,116	511,884
Heritage House - Habitat for Humanity	-	63,000	-	63,000	62,853	147

GOVERNMENT OF YUKON

Schedule of Contributions
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Community Services						
Capital (continued)						
Northern strategy projects						
- Yukon water and wastewater system	$ -	$ 85,000	$ -	$ 85,000	$ -	$ 85,000
City of Whitehorse - Hamilton Boulevard	-	-	-	-	149,144	(149,144)
	18,175,000	**4,463,000**	**(436,000)**	**22,202,000**	**10,163,498**	**12,038,502**
Economic Development						
Operations and maintenance						
Trade initiatives	30,000	-	-	30,000	27,543	2,457
Yukon Chamber of Commerce						
- operation support	36,000	-	-	36,000	36,000	-
- Alaska trade show	8,000	-	-	8,000	-	8,000
- Canada-Yukon Business Service Centre	45,000	-	-	45,000	45,000	-
Yukon Federation of Labour	36,000	-	-	36,000	36,000	-
Yukon Building and Construction Trades Council	15,000	-	-	15,000	15,000	-
Business Development Bank of Canada						-
- small business week	5,000	-	-	5,000	-	5,000
Yukon Information Technology Industry Society	15,000	-	-	15,000	-	15,000
Technology Innovation Centre	85,000	-	-	85,000	80,458	4,542
Music Yukon	50,000	-	-	50,000	50,000	-
Yukon Film Society	-	5,000	-	5,000	5,000	-
Little Salmon/Carmacks First Nation	-	8,000	-	8,000	5,514	2,486
Whitehorse Chamber of Commerce						
- partnering for success	-	-	-	-	6,500	(6,500)
	325,000	**13,000**	**-**	**338,000**	**307,015**	**30,985**

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Economic Development						
Capital						
Micro loan program	$ 73,000	$ -	$ -	$ 73,000	$ 73,000	$ -
Dana Naye Ventures business development program	200,000	409,000	-	609,000	121,749	487,251
Enterprise trade fund	540,000	132,000	-	672,000	356,126	315,874
Regional economic development fund	405,000	235,000	(23,000)	617,000	526,912	90,088
Community development fund	3,000,000	178,000	-	3,178,000	2,371,769	806,231
Strategic industries development fund	800,000	487,000	130,000	1,417,000	1,261,789	155,211
Northern strategy						
- e-commerce	50,000	228,000	-	278,000	60,056	217,944
- mine training	500,000	(500,000)	-	-	-	-
- Yukon cold climate innovation research	-	356,000	-	356,000	88,600	267,400
Technology Innovation Centre	150,000	52,000	-	202,000	93,144	108,856
Technology partnerships	67,000	191,000	-	258,000	125,050	132,950
Film and sound incentive programs	715,000	35,000	-	750,000	158,652	591,348
Economic infrastructure development	-	201,000	-	201,000	199,196	1,804
Northern strategy - Selkirk First Nation						
- towards sufficiency	-	262,000	-	262,000	158,535	103,465
Targeted investment program						
- Cold Climate Innovation Center planning	-	-	-	-	200,000	(200,000)
- fibre link	-	-	-	-	174,990	(174,990)
	6,500,000	**2,266,000**	**107,000**	**8,873,000**	**5,969,568**	**2,903,432**

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Education						
Operations and maintenance						
Student transportation	$ 116,000	$ -	$ -	$ 116,000	$ 102,007	$ 13,993
Education reform	125,000	46,000	-	171,000	110,033	60,967
Special payments for education-related events/student activities	50,000	-	-	50,000	62,385	(12,385)
Student accommodation (boarding subsidy)	115,000	-	-	115,000	114,584	416
Yukon Teachers' Association						
- professional development fund	362,000	(362,000)	-	-	-	-
- teacher mentoring fund	50,000	(50,000)	-	-	-	-
Remuneration school councils/committees	148,000	-	-	148,000	149,625	(1,625)
Council of Yukon First Nations						
- native language program	405,000	-	-	405,000	405,000	-
- education support	170,000	56,000	-	226,000	156,449	69,551
Artist in the school	19,000	-	-	19,000	19,000	-
Yukon Francophone School Board						
- operations	62,000	22,000	-	84,000	84,300	(300)
- special initiatives	399,000	223,000	-	622,000	622,500	(500)
Association franco-yukonnaise						
- special initiatives	220,000	-	-	220,000	220,000	-
Interchange on Canadian studies	9,000	-	-	9,000	-	9,000
First Nations elder program	50,000	-	-	50,000	46,200	3,800
First Nations community orientation	20,000	-	-	20,000	10,500	9,500
French cultural activities	35,000	-	-	35,000	35,000	-
Education related organizations	35,000	-	39,000	74,000	60,083	13,917
Curriculum support initiatives	10,000	-	-	10,000	22,228	(12,228)
Association of Yukon School Councils, Boards and Committees	119,000	-	-	119,000	77,809	41,191
Stay in school initiatives	30,000	-	-	30,000	30,000	-
First Nations curriculum development/implementation	25,000	-	-	25,000	20,000	5,000
Home tutor program	365,000	54,000	-	419,000	269,807	149,193

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Education						
Operations and maintenance (continued)						
School cultural activities	$ 250,000	$ 47,000	$ -	$ 297,000	$ 164,893	$ 132,107
Whole child project	90,000	-	-	90,000	91,000	(1,000)
Canines for safer schools	77,000	-	-	77,000	77,237	(237)
Yukon College	13,312,000	642,000	-	13,954,000	13,953,863	137
Yukon College						
- College Board	20,000	-	-	20,000	20,000	-
- bachelor of social work	370,000	-	-	370,000	370,000	-
- Yukon native teacher education program	540,000	-	-	540,000	540,000	-
- fetal alcohol syndrome disorder	137,000	-	-	137,000	136,520	480
- innovators in school program	57,000	-	-	57,000	57,000	-
- seat purchases	780,000	-		780,000	841,681	(61,681)
- school of visual arts	270,000	165,000	-	435,000	434,530	470
- pension fund	866,000	63,000	-	929,000	929,354	(354)
- older workers' initiative	400,000	-	-	400,000	326,850	73,150
Student training and employment program	366,000	-	(8,000)	358,000	305,349	52,651
Apprenticeship initiatives	45,000	-	-	45,000	45,064	(64)
Canada/Yukon summer program	114,000	-	6,000	120,000	119,881	119
Yukon Learn	250,000	-	-	250,000	250,000	-
Journey far carver	104,000	(10,000)	-	94,000	87,140	6,860
Labour market initiatives	4,000	-	2,000	6,000	6,010	(10)
Northern strategy						
- public schools	-	274,000	(225,000)	49,000	12,575	36,425
- advanced education	-	95,000	-	95,000	95,000	-
	20,991,000	**1,265,000**	**(186,000)**	**22,070,000**	**21,481,457**	**588,543**

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Education						
Capital						
Yukon College						
- capital	$ 750,000	$ -	$ -	$ 750,000	$ 750,000	$ -
- residence furnishing	101,000	-	-	101,000	100,500	500
- post secondary education infrastructure	535,000	-	-	535,000	144,836	390,164
- school of visual arts	-	205,000	-	205,000	205,470	(470)
Community training fund	1,500,000	176,000	(20,000)	1,656,000	1,411,125	244,875
Youth at risk initiatives	200,000	32,000	-	232,000	141,666	90,334
Yukon work information network	35,000	-	-	35,000	35,000	-
	3,121,000	**413,000**	**(20,000)**	**3,514,000**	**2,788,597**	**725,403**

GOVERNMENT OF YUKON

Schedule of Contributions
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Energy, Mines and Resources						
Operations and maintenance						
Forest sector trust fund	$ 500,000	$ -	$ -	$ 500,000	$ 500,000	$ -
Canadian Forest Services	15,000	-	-	15,000	14,947	53
Yukon Agricultural Association						
- operational funding	25,000	-	-	25,000	40,000	(15,000)
Agriculture policy framework agreement						
- various recipients	235,000	-	-	235,000	123,712	111,288
National water supply expansion program						
- various recipients	100,000	-	-	100,000	-	100,000
Utilities Consumers Group	3,000	-	-	3,000	3,000	-
Energy Solutions Centre -cost shared projects	100,000	-	-	100,000	-	100,000
- S. Wright	-	-	-	-	3,000	(3,000)
- Little Salmon Carmacks First Nation	-	-	-	-	4,850	(4,850)
- City of Whitehorse	-	-	-	-	3,500	(3,500)
- Yukon Science Institute	-	-	-	-	3,915	(3,915)
- Yukon College - Northern Research Institute	-	-	-	-	20,000	(20,000)
Yukon Chamber of Mines - training fund	100,000	-	(90,000)	10,000	-	10,000
Type II mine site reclamation						
- various Yukon First Nations	1,219,000	-	-	1,219,000	893,895	325,105
Memorandum of understanding						
- various Yukon First Nations	25,000	-	(25,000)	-	-	-
Yukon Geological Survey						
- various universities	100,000	-	25,000	125,000	191,618	(66,618)
- Geological Survey of Canada	-	602,000	-	602,000	602,000	-
Klondike Placer Miners' Association						
- operational funding	45,000	-	-	45,000	30,000	15,000
- fisheries habitat			22,000	22,000	22,350	(350)
Yukon Chamber of Mines - operational funding	45,000	-	-	45,000	60,000	(15,000)
Various First Nations - mineral related	25,000	-	(7,000)	18,000	17,840	160
Mining Association of Canada	15,000	-	-	15,000	15,000	-

GOVERNMENT OF YUKON

Schedule of Contributions
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Energy, Mines and Resources						
Operations and maintenance (continued)						
Traditional knowledge consultation - various Yukon First Nations	$ 51,000	$ -	$ 8,000	$ 59,000	$ 57,484	$ 1,516
Yukon Mine Training Association	-	500,000	-	500,000	453,722	46,278
Klondike Goldpanning Association	-	-	30,000	30,000	30,000	-
Forintek Canada Corporation	-	-	10,000	10,000	10,000	-
University of British Columbia	-	-	20,000	20,000	20,000	-
Yukon Wood Products Association	-	-	56,000	56,000	50,400	5,600
Champagne Aishihik First Nation Agreement	-	-	4,000	4,000	4,000	-
Dawson Renewable Resources Council	-	-	10,000	10,000	3,000	7,000
Successor resource legislation working group	-	-	-	-	9,000	(9,000)
Wildlife compensation program - various recipients	-	-	-	-	29,250	(29,250)
	2,603,000	**1,102,000**	**63,000**	**3,768,000**	**3,216,483**	**551,517**
Capital						
Joint First Nation/Yukon Government land management project	150,000	50,000	-	200,000	50,000	150,000
Forest management plans implementation	330,000	-	-	330,000	130,000	200,000
Resource infrastructure development	50,000	-	-	50,000	10,000	40,000
Kaska economic table	75,000	-	-	75,000	52,500	22,500
Alaska Highway pipeline and Mackenzie gas project analysis	275,000	-	64,000	339,000	309,000	30,000
Alaska Highway aboriginal pipeline coalition	200,000	-	-	200,000	200,000	-
Resource assessments - oil and gas	25,000	-	(25,000)	-	-	-
Yukon mining incentives program	550,000	-	-	550,000	545,954	4,046
Resource assessments - minerals	155,000	423,000	-	578,000	509,000	69,000
	1,810,000	**473,000**	**39,000**	**2,322,000**	**1,806,454**	**515,546**

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Environment						
Operations and maintenance						
Yukon Wildlife Preserve	$ 550,000	$ -	$ -	$ 550,000	$ 550,000	$ -
Environmental public awareness						
- various recipients	30,000	-	-	30,000	16,650	13,350
Yukon Conservation Society	35,000	-	-	35,000	35,000	-
Wildlife Management Advisory Council	217,000	-	-	217,000	217,000	-
Porcupine Caribou Management Board						
- operational costs	48,000	-	-	48,000	78,000	(30,000)
- harvest strategy	20,000	-	-	20,000	30,000	(10,000)
Yukon College						
- climate change research	75,000	-	-	75,000	75,000	-
Yukon Trappers Association						
- training workshops	30,000	-	-	30,000	30,000	-
- Klondike soft gold program	25,000	-	-	25,000	25,000	-
Arctic Borderland Ecological Knowledge Society	5,000	16,000	-	21,000	21,000	-
Whitehorse Fish Hatchery	70,000	-	-	70,000	80,776	(10,776)
Yukon Fish and Game Association	35,000	-		35,000	80,000	(45,000)
Wildlife Habitat Canada	4,000	-	-	4,000	2,000	2,000
Waste reduction initiatives						
- various recipients	80,000	41,000	(19,000)	102,000	101,837	163
Ducks Unlimited	18,000	8,000	-	26,000	26,000	-
Fish and wildlife research support						
- various recipients	20,000	-	-	20,000	-	20,000
University of Alberta - DNA analysis	20,000	-	-	20,000	-	20,000
Mackenzie River Basin - transboundary agreement	-	40,000	-	40,000	40,000	-
Southeast Yukon Land Use Planning Society	-	8,000	-	8,000	8,000	-
Yukon Conservation Society - Earth Day	-	2,000	-	2,000	1,500	500
University of Alberta - sheep genetics research						
- sheep genetics research	-	5,000	-	5,000	-	5,000
- grizzly bear population estimation model	-	-	18,000	18,000	18,000	-

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Environment						
Operations and maintenance (continued)						
BC Centre for Disease Control - tick infestation on elk	$ -	$ 2,000	$ -	$ 2,000	$ 2,000	$ -
Champagne and Aishihik First Nations - bison fencing	-	5,000	-	5,000	5,000	-
Yukon River Inter-tribal Watershed Council	-	47,000	-	47,000	47,250	(250)
Yukon College - community adaptation project	-	65,000	-	65,000	65,000	-
University of British Columbia - moose survey	-	-	7,000	7,000	7,200	(200)
Simon Fraser University - assessment of bear/human conflict in the Yukon	-	-	10,000	10,000	10,000	-
Ross River Dena Council	-	-	6,000	6,000	6,105	(105)
Laurentian University - Yukon wolverine project	-	-	7,000	7,000	6,500	500
Yukon Conservation Society - stories for change	-	-	2,000	2,000	2,000	-
Council of Yukon First Nations	-	-	-	-	3,000	(3,000)
	1,282,000	**239,000**	**31,000**	**1,552,000**	**1,589,818**	**(37,818)**
Capital						
Yukon Energy Corporation - stocked lake management	40,000	-	-	40,000	-	40,000
Yukon Fish and Wildlife Management Board - fish and wildlife management planning	15,000	3,000	-	18,000	7,000	11,000
Southeast Yukon Proper Land Use Society - special management areas resource assessment	4,000	-	-	4,000	2,000	2,000
Tr'ondek Hwech'in First Nation - Tombstone Territorial Park	5,000	-	-	5,000	5,000	-
Arctic Institute of North America - special management areas assessment	4,000	-		4,000	-	4,000
Canadian Council of Ecological Areas - parks special management areas planning	5,000	-	-	5,000	-	5,000

Schedule of Contributions
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Environment						
Capital (continued)						
Yukon Conservation Society						
- NatureServe Yukon	$ -	$ 2,000	$ -	$ 2,000	$ 1,494	$ 506
Carcross/Tagish First Nations						
- plant surveys in Carcross dunes	-	-	2,000	2,000	1,800	200
Northern Research Institute						
- biodiversity and biophysical public awareness	-	-	-	-	2,000	(2,000)
	73,000	**5,000**	**2,000**	**80,000**	**19,294**	**60,706**
Finance						
Operations and maintenance						
Public utilities income tax transfer	213,000	-	-	213,000	212,700	300
Workers' compensation supplementary benefits	426,000	-	-	426,000	395,999	30,001
	639,000	-	-	**639,000**	**608,699**	**30,301**

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions
for the year ended March 31, 2008

Health and Social Services

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Operations and maintenance						
Vuntut Gwitchin First Nation youth program	$ 67,000	$ -	$ -	$ 67,000	$ 66,500	$ 500
United Way	10,000	-	-	10,000	12,000	(2,000)
Kids' recreation fund	200,000	-	-	200,000	95,000	105,000
Healthy children	30,000	-	-	30,000	29,220	780
Food for learning	42,000	50,000	-	92,000	91,750	250
Rick Hansen Foundation	20,000	-	-	20,000	20,000	-
Kwanlin Dun First Nation child welfare	64,000	-	-	64,000	58,500	5,500
Community development projects	10,000	-	-	10,000	1,500	8,500
Foster Parent Association	15,000	-	-	15,000	15,000	-
Child care operating funds	2,455,000	500,000	-	2,955,000	2,685,237	269,763
Whitehorse Transit - Handi Bus	184,000	-	-	184,000	183,806	194
Salvation Army	68,000	-	-	68,000	68,000	-
Territorial health access fund						
- operational secretariat	2,700,000	-	-	2,700,000	912,000	1,788,000
Yukon Medical Association						
- medical practice insurance	262,000	-	-	262,000	262,000	-
- education	238,000	-	-	238,000	237,500	500
- physician recruitment/retention initiatives	1,935,000	-	-	1,935,000	1,292,500	642,500
Medical student bursary	10,000	-	-	10,000	-	10,000
Rural incentive	5,000	-	-	5,000	-	5,000
Yukon hospital insurance services	14,435,000	-	-	14,435,000	16,623,157	(2,188,157)
Yukon Hospital Corporation	27,313,000	3,816,000	(120,000)	31,009,000	31,036,843	(27,843)
Health investment fund	50,000	-	-	50,000	155,369	(105,369)
Victoria Faulkner's Women's Centre - accommodation	28,000	-	-	28,000	31,376	(3,376)
Yukon Registered Nurses Association						
- nursing education fund	60,000	-	-	60,000	60,000	-
- nursing advisory committee	10,000	-	-	10,000	12,400	(2,400)
- nurses post basic specialty education fund	75,000	-	-	75,000	75,000	-

Schedule of Contributions
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Health and Social Services						
Operations and maintenance (continued)						
Rural emergency medical services	$ 30,000	$ (30,000)	$ -	$ -	$ -	$ -
Professional development fund	25,000	-	-	25,000	25,000	-
Liard family support	43,000	-	-	43,000	43,000	-
Ross River Dena family support	44,000	-	-	44,000	43,000	1,000
FAS Society of the Yukon	-	200,000	-	200,000	-	200,000
Cycle to walk	-	-	-	-	15,000	(15,000)
Learning Disabilities Association of Yukon - office renovations	-	-	-	-	5,000	(5,000)
Primary health care transition fund - diabetes collaborative	-	-	-	-	24,500	(24,500)
Federal/Provincial/Territorial commitees	-	-	-	-	3,676	(3,676)
Other territorial health access fund bursaries	-	-	-	-	929,370	(929,370)
Council for Yukon First Nations						
- Children's act review	-	-	-	-	30,000	(30,000)
- Health partnership	-	-	-	-	141,097	(141,097)
	50,428,000	**4,536,000**	**(120,000)**	**54,844,000**	**55,284,301**	**(440,301)**
Capital						
Child care services development	100,000	1,300,000	-	1,400,000	996,368	403,632
Women's shelters - renovations and equipment	15,000	-	-	15,000	15,000	-
Yukon Hospital Corporation - equipment	425,000	-	-	425,000	300,000	125,000
	540,000	**1,300,000**	**-**	**1,840,000**	**1,311,368**	**528,632**

GOVERNMENT OF YUKON

Schedule of Contributions
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Highways & Public Works						
Operations and maintenance						
Miles Canyon Historical Railway Society	$ 75,000	$ -	$ -	$ 75,000	$ 75,000	$ -
Fédération culturelle canadienne-française	-	-	10,000	10,000	10,000	-
Association franco-yukonnaise	-	4,000	-	4,000	3,975	25
	75,000	**4,000**	**10,000**	**89,000**	**88,975**	**25**
Capital						
Yukon Information Technology Industry Society - information technology conference	10,000	-	(10,000)	-	-	-
Northwestel/Dakwakada - cell subsidy payment	800,000	-	-	800,000	800,000	-
Kluane First Nation - Shakwak	10,000	-	-	10,000	10,000	-
Carcross Tagish First Nation - Atlin Road	-	-	18,000	18,000	17,500	500
Champagne Aishihik First Nation - maintenance operations	-	-	-	-	4,365	(4,365)
	820,000	**-**	**8,000**	**828,000**	**831,865**	**(3,865)**

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Justice						
Operations and maintenance						
Yukon Legal Services Society (legal aid)	$ 1,592,000	$ -	$ -	$ 1,592,000	$ 1,510,000	$ 82,000
Aboriginal court worker program	321,000	-	-	321,000	361,786	(40,786)
Yukon Public Legal Education Association	85,000	-	-	85,000	162,500	(77,500)
Yukon Utilities Board	100,000	(100,000)	-	-	-	-
Council of Yukon First Nations	121,000	-	-	121,000	103,096	17,904
Community residential centre (Salvation Army)	400,000	-	-	400,000	411,145	(11,145)
Youth leadership program	168,000	-	-	168,000	165,441	2,559
Community justice projects	307,000	-	-	307,000	300,702	6,298
RCMP summer student program	77,000	(8,000)	-	69,000	38,187	30,813
Police Board funding	5,000	-	-	5,000	-	5,000
Therapeutic community resource feasibility study	-	50,000	-	50,000	-	50,000
Journey far carver program	-	123,000	-	123,000	123,000	-
Southern Lakes justice system	-	72,000	-	72,000	35,750	36,250
	3,176,000	**137,000**	**-**	**3,313,000**	**3,211,607**	**101,393**
Capital						
Corrections infrastructure - Kwanlin Dun First Nation	-	**90,000**	-	**90,000**	**40,000**	**50,000**

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Tourism and Culture						
Operations and maintenance						
Yukon Science Institute	$ 17,000	$ -	$ -	$ 17,000	$ 16,514	$ 486
Museums						
- general operation, maintenance and training support	178,000	-	-	178,000	165,730	12,270
Yukon Recreation Advisory Committee arts group	425,000	(425,000)	-	-	-	-
Artist in the school	25,000	75,000	-	100,000	40,000	60,000
Advanced artist award	80,000	(80,000)	-	-	-	-
Dawson City Arts Society	250,000	150,000	-	400,000	375,000	25,000
Friends of Yukon Archives Society	9,000	-	-	9,000	9,000	-
Stay another day						
- arts themed events	140,000	-	-	140,000	123,764	16,236
- tourism	25,000	-	-	25,000	10,000	15,000
Yukon Convention Bureau Society	200,000	-	-	200,000	200,000	-
Wilderness Tourism Association of the Yukon	264,000	-	-	264,000	264,000	-
Tourism North	118,000	-	-	118,000	105,410	12,590
Yukon Quest	210,000	-	-	210,000	202,796	7,204
Sourdough Rendezvous	50,000	-	-	50,000	50,000	-
Tourism Industry Association of Yukon	144,000	-	-	144,000	144,000	-
Yukon tourism marketing partnership	100,000	-	-	100,000	100,000	-
Yukon First Nations Tourism Association	60,000	-	-	60,000	60,000	-
Canada Winter Games Host Society	700,000	-	-	700,000	700,000	-
First Nations tourism strategy	75,000	(75,000)	-	-	-	-
Northern strategy						
- First Nations records diffusion project	-	36,000	-	36,000	-	36,000
Dawson City Arts Society	-	-	-	-	6,465	(6,465)
Jonah Clark - YK Transrockie	-	-	-	-	1,500	(1,500)
Vancouver Olympic Committee	-	-	-	-	166,667	(166,667)
	3,070,000	**(319,000)**	**-**	**2,751,000**	**2,740,846**	**10,154**

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Tourism and Culture						
Capital						
Historic sites maintenance	$ 100,000	$ -	$ -	$ 100,000	$ 82,579	$ 17,421
Fort Selkirk	130,000	-	-	130,000	129,845	155
Museums assistance	885,000	(38,000)	-	847,000	804,486	42,514
Conservation and security	10,000	9,000	-	19,000	19,000	-
First Nations cultural centres	220,000	86,000	-	306,000	306,000	-
Visual arts acquisition	10,000	-	-	10,000	10,000	-
Arts fund	500,000	(500,000)	-	-	-	-
Decade of sport and culture	200,000	-	-	200,000	200,000	-
Product development and resource assessment	78,000	-	(25,000)	53,000	52,611	389
Tourism cooperative marketing fund	500,000	22,000	-	522,000	501,469	20,531
Ice patch research and protection	-	10,000	-	10,000	19,500	(9,500)
Forty mile - northern strategy	-	25,000	-	25,000	-	25,000
Historic places initiative	-	34,000	-	34,000	34,163	(163)
Research and strategic planning	-	-	-	-	5,512	(5,512)
Historic sites planning	-	-	-	-	5,647	(5,647)
	2,633,000	**(352,000)**	**(25,000)**	**2,256,000**	**2,170,812**	**85,188**

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions
for the year ended March 31, 2008

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Women's Directorate						
Operations and maintenance						
Victoria Faulkner Women's Centre						
- operations	$ 20,000	$ -	$ -	$ 20,000	$ 20,000	$ -
- women's advocate	60,000	-	-	60,000	60,000	-
Yukon Status of Women Council	12,000	-	-	12,000	12,000	-
Various women's groups	175,000	-	-	175,000	169,548	5,452
Family violence and violence against women prevention initiatives	100,000	-	-	100,000	90,105	9,895
Whitehorse Aboriginal Women's Circle	-	-	5,000	5,000	4,000	1,000
Self advocacy training	-	-	-	-	3,000	(3,000)
	367,000	**-**	**5,000**	**372,000**	**358,653**	**13,347**
Yukon Housing Corporation (Transfer Payment)						
Operations and maintenance	**2,428,000**	**760,000**	**-**	**3,188,000**	**2,483,195**	**704,805**
Capital	**3,336,000**	**117,000**	**-**	**3,453,000**	**3,629,275**	**(176,275)**
Totals						
Operations and maintenance	94,201,000	9,408,000	(197,000)	103,412,000	99,754,964	3,657,036
Capital	37,498,000	8,775,000	(325,000)	45,948,000	29,030,731	16,917,269
	$ 131,699,000	**$ 18,183,000**	**$ (522,000)**	**$ 149,360,000**	**$ 128,785,695**	**$ 20,574,305**

GOVERNMENT OF YUKON

Schedule 10

Schedule of Special Warrants for the year ended March 31, 2008

Warrant Number		Purpose	Amount (thousands of dollars)
No. 1	Operations and maintenance	Yukon Legislative Assembly	$ 1,118
		Elections Office	83
		Office of the Ombudsman	39
		Executive Council Office	5,482
		Community Services	15,367
		Economic Development	733
		Education	30,842
		Energy, Mines and Resources	7,181
		Environment	1,862
		Finance	482
		Health and Social Services	78,200
		Highways and Public Works	19,121
		Justice	7,653
		Public Service Commission	2,764
		Tourism and Culture	4,757
		Women's Directorate	111
		Yukon Housing Corporation	1,098
		Loan amortization	30
		Loan capital	5,000
			181,923
	Capital	Yukon Legislative Assembly	25
		Office of the Ombudsman	1
		Executive Council Office	25,882
		Community Services	7,427
		Economic Development	2,931
		Education	7,069
		Energy, Mines and Resources	1,810
		Environment	219
		Finance	104
		Health and Social Services	4,425
		Highways and Public Works	47,036
		Justice	1,748
		Public Service Commission	48
		Tourism and Culture	2,834
		Yukon Housing Corporation	1,929
			103,488
			$ 285,411

The special warrant authorized spending for the purpose of financing government operations for the period April 1, 2007 to April 30, 2007. This warrant was subsequently approved by the *Interim Supply Appropriation Act* (Yukon) *2007-08.*

GOVERNMENT OF YUKON

Schedule 10

Schedule of Special Warrants
for the year ended March 31, 2008

Warrant Number	Purpose		Amount (thousands of dollars)
No. 2	Operations and maintenance	Yukon Legislative Assembly	$ 555
		Community Services	5,859
		Education	2,594
		Energy, Mines and Resources	1,009
		Environment	383
		Justice	433
		Public Service Commission	1,835
		Tourism and Culture	16
		Women's Directorate	28
		Yukon Housing Corporation	306
			13,018
	Capital	Executive Council Office	62
		Economic Development	321
		Energy, Mines and Resources	623
		Environment	31
		Tourism and Culture	45
		Yukon Housing Corporation	507
			1,589
			$ 14,607

The special warrant authorized spending, in addition to the amount provided in the *First Appropriation Act* (Yukon) *2007-08 and the Second Appropriation Act* (Yukon) *2007-08,* for the purpose of financing government operations for the period February 25, 2008 to March 31, 2008. This warrant was subsequently approved by the *Third Appropriation Act* (Yukon) *2007-08.*

GOVERNMENT OF YUKON

Schedule 11

Schedule of Public Debt
for the year ended March 31, 2008

Maturity Date	Issue Date	Rate %	Purpose	Balance March 31, 2007	Retirements	Balance March 31, 2008
Loans Payable - Government of Canada						
Apr 09 2007	Apr 09 1987	9.1200	Municipal	$ 430,000	$ 430,000	$ -
May 07 2007	May 07 1987	9.1300	Municipal	766,000	766,000	-
Jun 04 2007	Jun 04 1987	9.8800	Municipal	793,000	793,000	-
Jul 09 2007	Jul 09 1987	9.8300	Municipal	329,000	329,000	-
Aug 07 2007	Aug 07 1987	9.7200	Municipal	192,000	192,000	-
Sep 10 2007	Sep 10 1987	10.4200	Municipal	146,000	146,000	-
Oct 09 2007	Oct 09 1987	10.7900	Municipal	134,000	134,000	-
Nov 10 2007	Nov 10 1987	11.0700	Municipal	364,000	364,000	-
				$ 3,154,000	**$ 3,154,000**	**$ -**

Schedule of Bad Debt Write-offs
for the year ended March 31, 2008

Accounts Receivable Written Off

Education		
Doughty, Helen	$	3,045
Whalen-Bunkis, Susan		3,017
Anderson, Elizabeth		1,253
Gordon, Abigail		1,051
Sturby, Lisa		1,020
Descharnais, Crystal		840
Lilley, Judy		770
Issac, Terri-Lee		710
Energy, Mines and Resources		
Yukon Forest Industry Association		7,223
Finance		
Cousins Ltd.		606
Health and Social Services		
Ronne, John Harland		17,670
Risso, Amber		10,305
Handsor, Norman - Estate of		14,482
Large, Shelly		5,289
Alexander, Duane		4,368
Jayatilaka, Deepthi		3,865
Rankin, Ralph		2,582
Moore, Keri		1,415
Wedge, Margaret		1,411
Kookash, Chenara		1,352
Roycroft, Daniel		1,200
Herle, Vanessa		862
Salas, Julia		783
Drossos, Jane		766
Boehner, Josie		706
Eyre, Samantha		677
Grant, Tamara		589
Hoffman, Betty		565
Sobczynski, Jason		540
Highways and Public Works		
United Keno Hill Mines Limited		34,507
Tutchone Air Inc.		5,371
Lutz, James Jr.		1,924
Total accounts written off over $500		130,764

GOVERNMENT OF YUKON

Schedule 12

Schedule of Bad Debt Write-offs
for the year ended March 31, 2008

Accounts Receivable Written Off (continued)

All departments - other miscellaneous accounts less than $500	$ 12,631
Total accounts written off	**$ 143,395**

Property Taxes Receivable Written Off

Community Services	
United Keno Hill Mines Limited	$ 214,828
Cassiar Asbestos Corporation Ltd.	15,902
Chumar Placers	891
Total accounts written off over $500	231,621
All departments - other miscellaneous accounts less than $500	2,983
Total accounts written off	**$ 234,604**

GOVERNMENT OF YUKON

Schedule 13

Schedule of Guaranteed Debt
as at March 31, 2008

	2008	2007
Guarantees authorized pursuant to the *Yukon Development Corporation Act* (Yukon)		
Long-term debt	$ 18,703,000	$ 20,592,000
Guarantees authorized pursuant to the *Housing Corporation Act* (Yukon)		
Mortgages	15,679,579	16,683,557
Debentures	3,504,106	3,755,140
Guarantees authorized pursuant to the *Economic Development Act* (Yukon)	110,890	145,629
Wholly-owned subsidiary Yukon Government Fund Limited	-	500,000
Guarantees authorized pursuant to the *Business Development Assistance Act* (Yukon)	-	30,100
	$ 37,997,575	**$ 41,706,426**

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SECTION III

SUPPLEMENTARY FINANCIAL STATEMENTS

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YUKON COLLEGE

FINANCIAL STATEMENTS

June 30, 2007

(audited)

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YUKON COLLEGE
Management Responsibility

The financial statements are the responsibility of management and the Board of Governors of the College. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations. The financial statements include estimates based on the experience and judgement of management. The financial statements present fairly the financial position of the College as at June 30, 2007, and the results of its operations, changes in net assets and cash flows for the year then ended.

The College maintains books of account, financial and management control, and information systems, together with management practices designed to provide reasonable assurance that reliable and accurate financial information is available on a timely basis, that assets are safeguarded and controlled, that resources are managed economically and efficiently in the attainment of College objectives and that operations are carried out effectively.

These systems and practices are also designed to provide reasonable assurance that transactions are in accordance with the *College Act*, bylaws and policies of the College.

The Board of Governors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Board meets on a periodic basis with management and the independent external auditor to review the manner in which these groups are performing their responsibilities, and to discuss auditing, internal controls and other relevant financial matters. The Board of Governors has reviewed and approved the financial statements.

These financial statements for the year ended June 30, 2007 have been independently audited by the College's auditor, the Auditor General of Canada, and her report is included herein.

Dr. Terry Weninger
President

W. Coghill
Director, Administrative Services

October 26, 2007

Auditor General of Canada
Verificatrice generale du Canada

AUDITOR'S REPORT

To the Board of Governors:

I have audited the statement of financial position of the Yukon College as at June 30, 2007 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the College's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2007 and the results of its operations, the changes in its net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Andrew Lennox, CGA, CMA
Assistant Auditor General
For the Auditor General of Canada

Vancouver, Canada
October 26, 2007

YUKON COLLEGE
Statement of Financial Position
as at June 30

ASSETS

	2007	*2006*
Current Assets		
Cash and cash equivalents (note 4)	$ 16,580,996	$ 16,569,748
Accounts receivable	719,929	758,718
Inventories	190,793	146,742
Prepaid expenses	17,775	15,649
	17,509,493	17,490,857
Other Assets		
Investments (note 5)	1,945,101	1,939,457
Accrued pension benefit (note 6)	5,349,500	4,663,200
Capital assets (note 7)	1,558,270	1,543,495
	$ 26,362,364	$ 25,637,009

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable and accrued liabilities	$ 846,540	$ 903,294
Deferred contributions (note 9)	14,008,784	13,725,430
	14,855,324	14,628,724
Long -term Liabilities		
Other employee future benefits (note 6)	2,760,800	2,533,900
Net Assets		
Net assets - capital (note 7)	1,558,270	1,543,495
Net assets - endowment (note 8)	1,895,864	1,862,496
Net assets – unrestricted	5,292,106	5,068,394
	8,746,240	8,474,385
	$ 26,362,364	$ 25,637,009

Lease commitments (note 14)

Approved by the Board of Governors

Chair

Member

The accompanying notes are an integral part of the financial statements.

YUKON COLLEGE
Statement of Operations
for the year ended June 30

	2007	*2006*
Revenues		
Contributions, Yukon Government (note 11)	$ 17,476,063	$ 17,629,813
Third party contracts	6,258,708	5,766,987
Miscellaneous income	855,108	850,946
Student assistance/scholarships	730,895	1,018,161
Sales, rentals and services	716,166	638,083
Tuition and registration fees	603,936	683,149
Interest income	483,888	357,034
Services to CWG 2007 (note 15)	749,946	-
	$ 27,874,710	$ 26,944,174
Expenses (note 10)		
Direct instruction	$ 11,314,207	10,870,310
Direct instructional support	4,341,299	4,156,789
General administration	3,957,571	4,114,707
Services received without charge (note 11)	2,548,100	2,548,100
Research	1,265,591	1,153,204
Facility services and utilities	1,241,936	1,225,267
Cost of sales	866,098	782,941
Student assistance/scholarships	730,895	1,018,161
Amortization of capital assets	318,479	328,901
Employee leave and termination benefits	218,951	210,687
Miscellaneous	83,149	99,673
Expenses on services to CWG 2007 (note 15)	749,946	-
	$ 27,636,222	$ 26,508,740
Surplus of revenues over expenses	$ 238,488	$ 435,434

The accompanying notes are an integral part of the financial statements.

YUKON COLLEGE
Statement of Changes in Net Assets
for the year ended June 30

				2007	*2006*
	Unrestricted	Capital	Endowment	Total	Total
Balance, beginning of year	$ 5,068,394	$ 1,543,495	$ 1,862,496	$ 8,474,385	$ 8,006,495
Investment in capital assets		333,254		333,254	176,262
Amortization of capital assets		(318,479)		(318,479)	(328,901)
Change in net assets – capital	(14,776)			(14,776)	152,638
Endowment contributions			33,368	33,368	32,457
Surplus of revenues over expenses	238,488			238,488	435,434
Balance, end of year	$ 5,292,106	$ 1,558,270	$ 1,895,864	$ 8,746,240	$ 8,474,385

	2007	*2006*
Determination of funds available for operations:		
Unrestricted fund balance, end of year	$ 5,292,106	$ 5,068,394
Add: Other employee future benefits (note 13)	2,760,800	2,533,900
	$ 8,052,906	$ 7,602,294

The accompanying notes are an integral part of the financial statements.

YUKON COLLEGE
Statement of Cash Flows
for the year ended June 30

	2007	*2006*
Cash flows from operating activities:		
Surplus of revenues over expenses	$ 238,488	$ 435,434
Amortization of capital assets	318,479	328,901
Decrease in non-cash working capital	219,212	1,555,102
Increase in accrued pension benefit asset	(686,300)	(839,100)
Increase in other employee future benefit liabilities	226,900	218,000
Cash flows from operating activities	316,779	1,698,337
Cash flows from financing activities:		
Endowment contributions	33,368	32,457
Cash flows from financing activities	33,368	32,457
Cash flows used in investing activities:		
Capital assets acquired	(333,254)	(176,262)
(Increase) decrease in investments	(5,645)	38,843
Cash flows used in investing activities	(338,899)	(137,419)
Change in cash:		
Net increase in cash and cash equivalents	11,248	1,593,375
Cash and cash equivalents		
Beginning of year	16,569,748	14,976,373
End of year	$ 16,580,996	$ 16,569,748

The accompanying notes are an integral part of the financial statements.

YUKON COLLEGE
Notes to Financial Statements
June 30, 2007

1. Purpose of the organization

Yukon College is a post-secondary educational institution and is incorporated under the *College Act*. The College is a not-for-profit organization and is a registered charity under the *Income Tax Act*. A significant portion of its funding is provided by the Government of the Yukon. The College is not an institution of the Government of the Yukon and, except to the extent an agency relationship is created by contracts with the Government, the College is not an agent of the Government.

The purpose of Yukon College is to provide excellent, relevant and accessible learning opportunities.

2. Significant accounting policies

a) Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations, and the accounting policies adopted are consistent with the recommendations of the Canadian Association of University Business Officers.

b) Cash and cash equivalents

Cash and cash equivalents include banker acceptance notes with an original maturity of less than 90 days with Canadian financial institutions.

c) Capital assets

Purchased equipment and leasehold improvements are recorded at cost. The items are amortized on a straight-line basis over their estimated useful lives, with no charge in the year of acquisition and a full charge in the year of disposal.

	Years
Equipment – general	10
Leasehold improvements	20
Equipment – EDP	3
Furniture & fixtures	10
Vehicles	5

The Works of Art are capitalized at cost and no amortization is recorded.

d) Inventory

Inventory held for resale is recorded at the lower of cost and net realizable value. Supplies inventories are recorded at cost.

e) Contributed services

The College benefits from services provided by volunteers in assisting the institution in carrying out its activities. The fair value of these services is not determinable and accordingly is not included in the financial statements.

2. Significant accounting policies (continued)

f) Employee future benefits

Pension benefits

The Yukon College Employees' Pension Plan is a contributory defined benefit pension plan. The pension plan fund provides mandatory pension benefits for all full-time employees and optional benefits for part-time employees of Yukon College. The College's pension plan provides for defined retirement benefits based on an employee's years of service and average final earnings, in accordance with the Federal *Pension Benefits Standards Act*, and is indexed in accordance with the change in Consumer Price Index for 12 months ending September 30th. For any unfunded pension liability, the College is contributing the balance of the costs of the plan as determined by the actuary. Contributions by the College are recorded in the financial statements using an accrued benefit method. The College has contracted with external organizations to provide the services of trustee, administrator, and investment manager for the pension plan. The pension plan assets are held by a trustee and separate financial statements are prepared for the pension plan.

The College accrues its obligations under the pension plan and the related costs, net of plan assets.

The cost of pension benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of expected plan investment performance, inflation rates, salary escalation, and retirement ages of employees.

For the purpose of calculating the expected return on plan assets, those assets are valued at fair value. Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment.

The excess of the net actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of plan assets is amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by the pension plan is 9 years.

Other non-pension benefits

The cost of benefit plans, other than pension, including severance benefits, sick leave and managers' accrued leave is actuarially determined using the projected accrued benefit method prorated on employment services using management's best estimate of inflation rates, salary escalation, retirement ages of employees, and is recognized over the period in which the benefits are earned. The College accrues vacation and severance benefits for employees as earned.

The excess of the net actuarial gain (loss) over 10% of the benefit obligation is amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by these plans is 9.1 years.

g) Deferred contributions

Yukon College follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Revenues received for a future period are deferred until the services are provided.

2. Significant accounting policies (continued)

h) Revenue recognition

Unrestricted contributions, such as operating grants, are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions are recognized in an amount equal to the amount reported as expenditures under the terms of the restrictions.

Endowment contributions, including interest earned, are recognized as direct increases in endowment net assets.

i) Net assets

The entire balance of unrestricted net assets has been internally appropriated by the Board of Governors for anticipated fiscal requirements not funded from other sources (see note 13).

Capital net assets are appropriated for equipment and leasehold improvements.

Endowment net assets are set aside for specific purposes. The principal must remain unexpended, but associated investment income may be expended in accordance with the various purposes established by the donors or the Board of Governors.

j) Internal appropriations

Internal appropriations are established under the authority of the Board of Governors, by appropriation from unrestricted net assets and other employee future benefits to provide for anticipated fiscal requirements not funded from other sources.

k) Services provided without charge

The free rental of the College's main campus and certain other facilities provided by the Government is recorded as contribution revenue and certain offsetting operating expenses (see note 11).

l) Use of estimates

The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of lease commitments at the date of the financial statements and the reported amount of revenues and expenditures during the reporting period. Significant areas requiring the use of management estimates relate to the determination of the defined benefit pension plan surplus and the liabilities for accrued severance, retirement and sick leave benefits, amortization, accounts receivable, accrued liabilities and deferred contributions. Financial results as determined by actual events could differ significantly from these estimates.

3. Financial instruments

Accounts receivable, accounts payable and accrued liabilities are the result of the transactions incurred in the normal course of business, have no significant credit risks, and are non-interest bearing. The carrying amounts of each approximate fair values because of their short maturity.

4. Cash and cash equivalents

	2007	2006
Cash	$ 1,095,260	$ 568,803
Bankers acceptances	15,485,736	16,000,945
Total cash and cash equivalents	$ 16,580,996	$ 16,569,748

The carrying value of cash and cash equivalents approximates their fair market values due to the relatively short-term maturity of these financial instruments.

The College is exposed to interest rate risk arising from fluctuations in interest rates on its cash and equivalents. In addition, the College is also exposed to credit and concentration risk for its cash and equivalents. Credit risk is minimized substantially by ensuring that these financial assets are placed with credit-worthy counter-parties and Canadian chartered banks. The average annual return on investments for 2007 is 4.2% (2006 – 3.2%).

The College has, if needed, an operating demand line of credit with its banker that allows the College to borrow up to $500,000 at bank prime. The credit line was unused at year-end. The College's credit facility interest rates are subject to fluctuations in the prime rate.

5. Investments

	2007	2006
Short-term deposits	$ 212,738	$ 245,314
Bankers acceptances	1,732,363	1,694,143
Total investments	$ 1,945,101	$ 1,939,457

The carrying value of short-term deposits and bankers acceptances approximates their fair market values due to the relatively short-term maturity of these financial instruments.

The College is exposed to interest rate risk arising from fluctuations in interest rates on its short-term investments. In addition, the College is also exposed to credit and concentration risk for its short-term investments. Credit risk is minimized substantially by ensuring that these financial assets are placed with credit-worthy counter-parties and Canadian chartered banks. The average annual return on investments for 2007 is 4.2% (2006 – 3.2%)

A portion of the investments is externally restricted of which $ 1,895,864 (2006 - $ 1,862,496) is related to endowments.

6. Employee future benefits

a) Pension benefits

Assets in the Yukon College Employees' Pension Plan are based on fair values as reported by the custodian of the funds as at June 30, 2007, adjusted for known contributions/payments in transit at that date.

The Actuary calculated his values using appropriate principles for the profession as follows:

	2007	2006
Fair value of plan assets	$ 48,418,700	$ 41,390,700
Accrued benefit obligation	(39,216,700)	(35,785,600)
Funded status – plan surplus	9,202,000	5,605,100
Unamortized net actuarial (gain) loss	(4,174,500)	(1,344,400)
Unamortized past service costs	322,000	402,500
Accrued pension benefit asset	$ 5,349,500	$ 4,663,200

The actuarial valuation for funding purposes performed by the actuary as of June 30, 2006 established the College's required contributions as 247% of employee contributions. Under the economic and demographic assumptions used in these calculations, this level of College contributions together with the employee contributions is sufficient to fund the current service cost of the plan benefits.

The College contribution rate will be revised following the completion of the next actuarial valuation for funding purposes as at June 30, 2007, due to be filed with the federal pension regulator by December 31, 2007. Total benefit payments made in 2007 were $1,958,500 (2006 - $2,633,700).

The annual pension cost and change in accrued benefit asset are as follows:

	2007	2006
Accrued benefit asset, beginning of year	$ 4,663,200	$ 3,824,100
Less: annual pension cost	(1,181,900)	(1,470,200)
Add: contributions by College	1,868,200	2,309,300
Accrued benefit asset, end of year	$ 5,349,500	$ 4,663,200

The elements of defined pension plan benefit costs recognized in the year are as follows:

	2007	2006
Current service cost, net of employee contributions	$ 1,942,300	$ 2,136,800
Interest on accrued benefit obligation	2,075,400	1,926,800
Actual return on plan assets	(6,486,300)	(3,014,800)
Actuarial (gain) loss on accrued benefit obligation	739,900	(2,933,100)
Elements of employee future benefit costs before adjustments to recognize the long term nature of employee future benefit costs.	$(1,728,700)	$(1,884,300)

6. Employee future benefits (continued)

a) Pension benefits (continued)

Adjustments to recognize the long term nature of employee future benefit costs:

	2007	2006
Elements of employee future benefit costs before adjustments to recognize the long term nature of employee future benefit costs	(1,728,700)	(1,884,300)
Difference between expected return and actual return on plan assets for year	$ 3,570,000	$ 340,900
Difference between actuarial loss (gain) recognized for year and actual actuarial loss (gain) on accrued benefit obligation for year	(739,900)	2,933,100
Difference between amortization of past service costs for year and actual plan amendments for year	80,500	80,500
Defined benefit costs recognized	$ 1,181,900	$ 1,470,200

The plan assets are comprised of the following:

	2007	2006
Equities		
Canadian	37.86%	37.35%
Foreign	23.03%	20.25%
Total equities	60.89%	57.60%
Fixed income		
Government - Canadian	23.94%	29.91%
Government – Foreign	0.75%	0%
Corporate	12.45%	10.57%
Total fixed income	37.14%	40.48%
Short term investments		
Canadian	1.33%	1.46%
Total securities	99.36%	99.54%
Cash	0.29%	0.07%
Accrued income	0.35%	0.39%
Total plan assets	100.00%	100.00%

Refer to Note 16 for information on the actuarial valuation for funding purposes.

The Yukon Government has provided a funding commitment to the College to cover increased pension costs up to 2015. The maximum amount per year is summarized below:

2007/08	$ 950,000
2008/09	950,000
2009/10	950,000
2010/11	300,000
thereafter	990,300
	$ 4,140,300

The amounts actually received are subject to re-evaluation after each actuarial valuation.

All required contributions to the Plan have been made.

6. Employee future benefits (continued)

b) Other non-pension benefit plans

These benefits are not funded. The actuarial valuation of the accrued benefit liability as at June 30, 2007 is as follows:

	2007	2006
Accrued benefit obligation, end of year	$ 2,804,600	$ 2,663,400
Unamortized actuarial loss	(43,800)	(129,500)
Accrued benefit liability, end of year	$ 2,760,800	$ 2,533,900

The annual benefit plan cost and change in accrued benefit liability are as follows:

	2007	2006
Accrued benefit liability, beginning of year	$ 2,533,900	$ 2,315,900
Add: Annual benefit plan cost	445,500	421,100
Less: Benefits paid by College	(218,600)	(203,100)
Accrued benefit liability, end of year	$ 2,760,800	$ 2,533,900

The significant actuarial assumptions adopted in measuring the College's accrued benefit obligation are as follows (weighted-average assumptions as of June 30th):

Accrued benefit obligation as of June 30th:	2007	2006
Discount rate	5.50%	5.75%
Rate of compensation increase		
for 10 years	4.25%	4.25%
thereafter	4.75%	4.75%
Benefit costs for years ended June 30th:		
Discount rate	5.75%	5.25%
Expected long-term rate of return on plan assets	n/a	n/a
Rate of compensation increase		
for 10 years	4.25%	4.25%
thereafter	4.75%	4.75%

7. Capital assets

	2007			2006
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Equipment – general	$ 1,184,761	$ 786,703	$ 398,058	$ 474,848
Leasehold improvements	1,236,965	465,677	771,288	813,650
Equipment – EDP	457,843	175,113	282,730	161,930
Furniture & fixtures	77,923	29,745	48,178	29,385
Art	52,349	0	52,349	52,349
Vehicles	28,331	22,664	5,667	11,333
	$ 3,038,172	$ 1,479,902	$ 1,558,270	$ 1,543,495

8. Endowment

	2007	2006
Balance, beginning of year	$ 1,862,496	$ 1,830,039
Endowment contributions	33,368	32,457
Balance, end of year	$ 1,895,864	$ 1,862,496

Endowment contributions consists of principal and interest earned and allocated to the endowment in accordance with the terms of the trust agreement. The allocated interest is $35,968 ($26,457 - 2006). In addition, an amount of $2,600 was reallocated to discretionary accounts, which are included in deferred contributions on the Statement of Financial Position ($6,000 was reallocated to endowment in 2006).

The balance of interest earned on endowment accounts is credited directly to the discretionary accounts.

9. Deferred contributions

These represent unspent resources which have been received and relate to expenditures that will occur in subsequent periods, and are therefore not amortized. The unrestricted portion relates to the timing of receipt of the government contributions. These are received on an annual basis on or about April 1 of each year and therefore a significant portion must be deferred. The restricted portion includes funds received under conditions of a trust agreement, and funds received for specific projects.

	Unrestricted	Restricted	2007 Total	2006 Total
Balance, beginning of year	$ 10,546,497	$ 3,178,933	$ 13,725,430	$ 12,595,863
Less: amount recognized as revenue for the period	(10,546,497)	(3,178,933)	(13,725,430)	(12,595,863)
Add: amounts related to future periods	10,646,897	3,361,887	14,008,784	13,725,430
Balance, end of year	$ 10,646,897	$ 3,361,887	$ 14,008,784	$ 13,725,430

10. Expenditure by object

	2007	2006
Salaries, wages and benefits	$ 17,115,266	$ 17,018,532
Contract services	2,968,954	2,689,230
Materials and Supplies	1,806,370	1,128,548
Other	1,563,402	1,432,099
Utilities and communications	1,491,067	1,465,669
Amortization of capital assets	318,479	328,901
Cost of sales and ancillary services	866,099	782,941
Student assistance scholarships	730,895	1,018,161
Travel	556,739	433,972
Employee leave and termination benefits	218,951	210,687
	$ 27,636,222	$ 26,508,740

11. Yukon Government contributions

	2007	2006
Operating contributions	$ 14,927,963	$ 15,081,713
Services provided without charge	2,548,100	2,548,100
	$ 17,476,063	$ 17,629,813

The majority of the services provided without charge represent costs associated with facilities provided by the Yukon Government at a reduced, or no, charge. The estimated value of these services is based on the Government's amortization expense (for the main campus), and on an estimated value for other spaces, plus any related operating expenses.

12. Related party transactions

The College regularly enters into contracts for the provision of services to Departments of the Yukon Government. These contracts, the value of which is $3,912,297 ($3,346,640 - 2006), are recorded as third party contract revenue on the Statement of Operations. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

13. Internal appropriations

The total of the unrestricted funds available for operations in future years has been internally appropriated and the balances allocated for the following:

	2007	2006
Human resource contingency	$ 700,000	$ 800,000
Equipment replacement	621,436	757,124
Program development	430,057	430,057
First Nations programs	400,000	400,000
Lease obligations	313,220	313,220
Northern Research Institute contingency	113,693	113,693
Residence reserve	25,000	25,000
Self insurance reserve	100,000	100,000
Accrued pension benefit asset	5,349,500	4,663,200
	$ 8,052,906	$ 7,602,294

14. Lease commitments

The following is a schedule of future minimum payments under operating leases and system maintenance contracts entered into for more than one year:

2007-2008	$ 299,827
2008-2009	282,720
2009-2010	171,790
2010-2011	112,394
2011-2012	63,023
thereafter	131,774
	$ 1,061,528

15. Canada Winter Games 2007

The College was contracted by the Whitehorse 2007, Jeux du Canada Games Host Society to provide food services to the Athletes and Coaches. The contract reflected all costs of the service delivery and all costs were fully recovered from the Host Society.

16. Subsequent events

Pension plan

Subsequent to year-end, the College has received the preliminary results of the actuarial valuation for funding purposes on the Yukon College Employees' Pension Plan as of June 30, 2007.

The significant points are:

- the surplus on an ongoing basis has increased since the last valuation (June 30, 2006) from $6,110,200 to $8,025,000.
- the solvency position has changed since the last valuation from a deficit of $2,111,800 to a surplus of $2,737,400.
- assuming the member contributions remain at the rates in effect July 1, 2007, the minimum required contribution for the College is 246% of members' contributions.

New residence

The Yukon Government provided a new residence building to the College in May of 2007. The annual estimated value of services provided at no cost is $532,000.

17. Comparative figures

Certain comparative figures for 2006 have been reclassified to conform with the 2007 presentation.

YUKON HOSPITAL CORPORATION

FINANCIAL STATEMENTS

March 31, 2008

(audited)

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Management Responsibility

The accompanying financial statements of Yukon Hospital Corporation, and all information in the annual report pertaining to the Corporation, are the responsibility of management, and have been approved by the Board of Directors.

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles for not-for-profit organizations. The financial statements include some amounts, such as the determination of the defined benefit pension plan surplus and the liabilities for accrued severance, retirement and sick leave benefits, that are necessarily based on management's best estimates and judgement. Management has determined such amounts on a reasonable basis. Financial information used in the annual report is consistent with that in the financial statements.

Management maintains a system of internal accounting and administrative controls designed to provide reasonable assurance as to the reliability of financial information and the safeguarding of assets.

The Board of Directors of the Corporation is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal controls. The Board exercises this responsibility through an Audit Committee consisting of five non-management members. The Audit Committee meets regularly with management and with the external auditors to review the scope and result of the annual audit, and to review the financial statements and related financial reporting matters prior to submitting the financial statements to the Board of Directors for approval.

These financial statements have been independently audited in accordance with Canadian generally accepted auditing standards by the Corporation's external auditor, the Auditor General of Canada, and her report is included with these financial statements.

Nick Leenders
Director of Finance

Nick Leenders

July 11, 2008

Kelly Steele
Manager, Accounting Services

Kelly Steele

July 11, 2008

Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Directors of the Yukon Hospital Corporation

I have audited the consolidated statement of financial position of the Yukon Hospital Corporation as at March 31, 2008 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Andrew Lennox, CGA, CMA
Assistant Auditor General
for the Auditor General of Canada

Vancouver, Canada
July 11, 2008

Yukon Hospital Corporation
Consolidated Statement of Financial Position

As at March 31

	2008 $	2007 $
ASSETS		
Current assets		
Cash & cash equivalents	**4,968,980**	3,819,965
Accounts receivable	**1,701,024**	1,213,555
Inventory (note 4)	**890,653**	851,485
Prepaid expenses	**274,643**	294,295
	7,835,300	6,179,300
Non-current assets		
Restricted funds (note 5)	**689,793**	602,652
Accrued pension benefit (note 13)	**3,051,000**	2,326,700
Capital assets - net (note 6)	**5,437,385**	6,212,668
	17,013,478	15,321,320
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**1,877,995**	1,335,179
Accrued payroll and benefits	**2,251,706**	2,020,221
Deferred revenue	**71,191**	149,500
	4,200,892	3,504,900
Long-term liabilities		
Employee future benefits other than pensions (note 7)	**1,415,938**	1,400,087
Deferred capital contributions (note 8)	**2,169,466**	2,928,418
Long-term debt (note 9 & 10)	**350,884**	395,898
	3,936,288	4,724,403
	8,137,180	8,229,303
Net Assets		
Invested in capital assets (note 11)	**2,420,777**	2,613,831
Contributed surplus (note 12)	**1,393,007**	1,393,007
Restricted - First Nations Health Fund (note 15)	**2,547,755**	2,575,763
Restricted for capital purchases, external (note 5)	**689,793**	602,652
Restricted for capital purchases, internal	**562,329**	325,878
Unrestricted	**1,262,637**	(419,114)
	8,876,298	7,092,017
	17,013,478	15,321,320

Contingent liabilities and commitments (note 18)

The accompanying notes are an integral part of the financial statements.

On behalf of the Board;

Chairman

Director

Yukon Hospital Corporation
Consolidated Statement of Operations

For the year ended March 31

	2008 **$**	2007 $
Revenues		
Government of Yukon - basic (note 14)	**29,717,243**	28,738,647
Government of Yukon - other (note 14)	**1,772,909**	4,702,871
Patients	**2,500,641**	2,130,996
Government of Yukon - in kind (note 14)	**1,649,980**	1,622,516
Amortization of deferred capital contributions (note 8)	**1,080,726**	1,343,670
Fundraising	**558,736**	433,775
Interest	**711,726**	559,037
Other	**331,727**	269,036
Cafeteria	**206,041**	196,446
	38,529,729	39,996,994
Expenses		
Compensation and benefits (note 7)	**20,289,400**	18,846,521
Pension (note 13)	**1,746,000**	2,325,000
Supplies	**5,819,755**	5,451,976
Contracted services	**2,078,605**	2,046,052
Sundry (note 16)	**2,093,599**	1,917,864
Amortization of capital assets	**1,590,856**	1,492,179
Equipment and building services	**1,220,779**	1,124,819
Equipment and building services - in kind (note 14)	**1,649,980**	1,622,516
Improvements - Thomson Center (note 17)	**176,725**	503,439
Fundraising	**156,890**	182,738
	36,822,589	35,513,104
Surplus of revenue over expenses	**1,707,140**	4,483,890

The accompanying notes are an integral part of the financial statements.

Yukon Hospital Corporation
Consolidated Statement of Changes in Net Assets
For the year ended March 31

	Invested In Capital Assets (note 11)	Contributed Surplus	Restricted For First Nations Health Fund (note 15)	Restricted For Capital Purchases External (note 5)	Restricted For Capital Purchases Internal	Unrestricted	2008 Total	2007 Total
	$	$	$	$	$	$	$	$
Balance, beginning of year	2,613,831	1,393,007	2,575,763	602,652	325,878	(419,114)	7,092,017	2,515,534
Surplus (deficiency) of revenue over expenses	(686,855)		(28,008)		236,451	2,185,552	1,707,140	4,483,890
Net change in invested in capital assets (note 11)	493,801					(493,801)		
Contributions				148,439		(13,000)	135,439	117,981
Purchases of Capital Assets				(61,298)		3,000	(58,298)	(25,388)
Balance, end of year	2,420,777	1,393,007	2,547,755	689,793	562,329	1,262,637	**8,876,298**	7,092,017

The accompanying notes are an integral part of the financial statements.

Yukon Hospital Corporation
Consolidated Statement of Cash Flows

For the year ended March 31

	2008 $	2007 $
Cash flows provided by (used in) operating activities:		
Receipts from and on behalf of patients	36,303,972	38,365,192
Payments to employees	-21,788,064	-24,909,502
Payments to suppliers and contractors	-12,873,092	-13,305,095
Cash flows from operating activities	1,642,816	150,595
Cash flows used in investing activities		
Purchase of capital assets	-815,575	-922,502
Cash flows used in investing activities	-815,575	-922,502
Cash provided by financing activities		
Cash received for capital purchases	321,774	475,000
Cash flows from financing activities	321,774	475,000
Net increase (decrease) in cash	1,149,015	-296,907
Cash & cash equivalents, beginning of the year	3,819,965	4,116,872
Cash & cash equivalents, end of the period	4,968,980	3,819,965
Represented by:		
Cash	1,299,276	692,975
Cash and cash equivalents - First Nations Health Progran	2,689,503	2,536,184
Cash and cash equivalents - Yukon Hospital Foundation	980,201	590,806
	4,968,980	3,819,965

The accompanying notes are an integral part of the financial statements.

1 - PURPOSE

a) Yukon Hospital Corporation ("The Corporation") is a charitable organization established under the *Hospital Act* of the Yukon. The objectives of the Corporation are to provide hospital and medical services to meet the needs of people in the Yukon. The Corporation is a registered charity and accordingly is exempt from income taxes, provided certain requirements of the *Federal Income Tax Act* are met.

b) The Yukon Hospital Foundation ("The Foundation") is a society incorporated under the *Societies Act* of Yukon. The purpose of the society is to promote health of people in the Yukon, to raise money for hospital and medical care and services, supervised residential care and continuing care, and rehabilitative care and services. The Foundation also grants funds and provides equipment, services and facilities to health facilities in the Yukon, and in particular to the Yukon Hospital Corporation.

2 - CHANGE IN ACCOUNTING POLICY

Adoption of new accounting policies

Effective April 1, 2007 the Corporation adopted the new Canadian Institute of Chartered Accountant Handbook Sections 3855, Financial Instruments - Recognition and Measurement, Section 3861, Financial Instruments - Disclosure and Presentation, and Section 3865, Hedges. As required by the new standards, prior period results have not been restated. Under the new standards, financial assets and financial liabilities are initially recognized at fair value and are subsequently accounted for based on their classification. Held-to-maturity financial assets and loans and receivables and other financial liabilities are measured at amortized cost using the effective interest method. Held for trading and available for sale financial assets are measured at fair value. Financial liabilities are categorized as held for trading or other financial liabilities.

The Corporation's financial assets include Accounts receivable, Due from Government of Yukon and Due from First Nations Health program, which are classified as "Loans and receivables", while its financial liabilities include Accounts payable and Long-term debt and are classified as "Other financial liabilities".

As the basis of accounting of these financial instruments has not changed and they continue to be recorded at amortized cost, the adoption of the financial instruments standards had no material impact on the Corporation's financial statements.

The adoption of CICA Handbook Section 3865, Hedges by the Corporation did not have an impact on the Corporation because it does not apply hedge accounting.

3 - SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles for not-for-profit organizations. The consolidated financial statements include the accounts of Yukon Hospital Corporation and Yukon Hospital Foundation. All significant inter-company transactions and balances have been eliminated on consolidation.

Cash and cash equivalents

Cash and cash equivalents also includes amounts for the First Nation Health Program. Cash equivalents are recorded at cost, which approximates fair value, and consists of investments in bankers acceptances with maturities of three months or less from the date of acquisition.

Inventory

Inventory is valued at the lower of cost, determined on the first-in, first out basis, and net realizable value.

Capital assets

Capital assets are recorded at cost except for a contributed capital asset which is recorded at fair market value at the date of contribution. Amortization is calculated by the straight line method over the assets' expected useful lives (see note 3). Small equipment costing under $2,500 is expensed when incurred.

Revenue Recognition

The Corporation follows the deferral method of accounting for contributions. Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Interest income is recognized as revenue when earned.

Operating contribution agreement amounts are recorded as revenue in the period to which they relate. Where a portion of a contribution relates to a future period, it is deferred and recognized in the subsequent period.

Revenue from other provinces and uninsured patients, operational revenue and ancillary services are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue for funded programs is recognized in the period expenses are incurred.

Interest income is recorded on an accrual basis.

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated services

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

Pensions

Eligible employees of the Corporation participate in the Yukon Hospital Corporation Employees Defined Benefit Pension Plan, administered by the Corporation's Board of Trustees. Contributions to the plan are required from both the employees and the Corporation. Contributions to the plan made during the year by the Corporation on behalf of its employees are included in the statement of operations.

Pensions are based on length of service and final average earnings. Cost of living increases are provided annually to pensioners, as well as upon retirement for deferred pensioners. The expected return on plan assets is based on the fair value of plan assets at the beginning of each fiscal year. Cumulative unrecognized gains and losses in excess of 10% of the greater of the accrued benefit obligation and the market value of plan assets are amortized on a straight-line basis over the expected average remaining service period ("EARSL") of active employees expected to receive benefits under the plan. Past service costs arising from retroactive benefit improvements are amortized on a straight-line basis over the EARSL of active members expected to receive benefits under the plan. Further details with respect to the pension are contained in note 13.

Employee future benefits other than pensions

Employees are entitled to specified severances and sick leave benefits as provided for under union contracts and conditions of employment. The liability for these payments is estimated and recorded in the accounts as the benefits accrue to the employees. Management determines the accrued benefit obligation based on assumptions that the following percentages of employees will not stay with the Corporation until retirement.

Age 18-25	100%
Age 26-35	75%
Age 36-45	60%
Age 46-55	20%
Age 55+	0%

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures during the reporting period. Significant areas requiring the use of management estimates relate to the determination of the defined benefit pension plan surplus and the liabilities for accrued severance, retirements and sick leave benefits. Financial results as determined by actual events could differ significantly from these estimates.

Future Accounting Changes - Financial Instrument Disclosures and Capital Disclosures

On December 1, 2006, the CICA issued three new accounting standards. CICA Section 3862 Financial Instruments - Disclosures, Section 3863 Financial Instruments - Presentation, and Section 1535 Capital Disclosures. These standards apply to fiscal years beginning on or after October 1, 2007 and accordingly will be effective for the Corporation on April 1, 2009.

Sections 3862 and 3863 replace Section 3861 Financial Instruments - Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections increased emphasis on disclosure about the nature and extent of risks arising from financial instruments and how the Corporation manages those risks. These sections are currently being assessed by management to determine applicability and impact on the Corporation's financial statements.

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital, (ii) quantitative data about what the Corporation regards as capital, (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. This section is expected to have limited impact on the Corporation's financial statements.

Section 3031 is a new recommendation for the measurement and disclosure of inventories. This section provides guidance on the determination of cost and its subsequent recognition as an~~y~~ expense, including any write down to net realizable value and on the cost formulas that are used to assign costs to inventories. This section is currently being assessed by management to determine applicability and impact on the Corporation's financial statements.

4 - INVENTORY

	2008	2007
Inventory	$	$
• Pharmacy	446,390	456,213
• Material Management	444,264	395,272
Total Inventory	890,653	851,485

5 - RESTRICTED FOR CAPITAL PURCHASES - EXTERNAL

The Corporation has control over funds which have been donated for specific capital purchases These funds are set up on the balance sheet as an asset with an offsetting entry to Net Assets Restricted for Capital purchases

	2008	2007
	$	$
Balance, Beginning of year	602,652	510,059
Contributions during the year	148,439	117,981
Purchases during the year	(61,298)	(25,388)
Balance, End of year	689,793	602,652

$650,416 (2007 - $573,277) is held in separate bank accounts representing donations made to Run for Mom and the Endowment

6 - CAPITAL ASSETS

				2008	2007
	Rate	Cost	Accumulated amortization	Net	Net
		$	$	$	$
Medical equipment	15%	6,995,076	4,250,539	2,744,537	3,061,251
Information systems	20%	3,572,636	2,829,967	742,669	1,057,708
Building improvements	5%	1,618,675	701,073	917,602	998,726
Land transferred	0%	1,009,213	–	1,009,213	1,009,213
Yukon Hospital Foundation Property & Equipment	20%	27,559	11,023	16,536	22,047
First Nations Health program Property & Equipment		36,059	29,231	6,828	63,723
		13,259,218	7,821,833	5,437,385	6,212,668

The land on which the hospital building is located is owned by the Corporation The hospital building itself is owned by and recorded in the books of the Government of Yukon The Corporation is responsible for the maintenance and upkeep of the building and grounds

Equipment and fixtures amounting to $1,036,955 are no longer reported on the financial statements as the assets are no longer in use

7 - EMPLOYEE FUTURE BENEFITS OTHER THAN PENSIONS

The Corporation provides severances and sick leave benefits to its employees These benefits represent the only obligation of the Corporation that entails settlement by future payment The amounts are not actuarially determined or discounted This benefit plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation Benefits will be paid from future sources of revenue

	2008	2007
Accrued benefit obligation	$	$
Beginning of year	1,550,087	1,431,366
Cost for the year	150,000	248,425
Benefits paid during the year	(134,149)	(129,704)
Accrued benefit obligation end of year	1,565,938	1,550,087
Short-term portion	150,000	150,000
Long-term portion	1,415,938	1,400,087

A large portion of the accrued payroll benefits relating to severance, retirement and sick leave have been classified as a long-term liability in the accompanying financial statements as the probability of pay out within the next fiscal year is considered low.

8 - DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent restricted contributions received to purchase capital assets The changes in the deferred contributions balance for the year are as follows:

	2008	2007
	$	$
Balance, Beginning of year	2,928,418	3,797,088
Restricted government contribution	321,774	475,000
Amount amortized to revenue	(1,080,726)	(1,343,670)
Balance, End of year	2,169,466	2,928,418

9 - LONG-TERM DEBT

	2008	2007
	$	$
Yukon Development Corporation	350,884	395,898

$395,898 flexible term note bearing interest at 7.5% repayable in annual instalments, based on annual energy savings realized, secured by a general security agreement on building improvements with a net book value of $446,923 (2007 $476,718)

In 2003, Yukon Development Corporation financed an electric boiler system for the Corporation for a total cost of $595,898 The long-term debt repayment portion is 50% of the savings total An initial payment on principal of $200,000 was made by Yukon Hospital Corporation in 2004

The savings realized to date are as follows		$
	2004	77,461
	2005	109,494
	2006	112,000
	2007	191,073
		490,028

Yukon Development Corporation is related to the Corporation as they are both under common control by the Government of Yukon This transaction took place under normal trade terms

10 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The Corporation's financial instruments include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, accrued payroll and benefits and long-term debt The carrying value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, accrued payroll and benefits approximate their fair values due to the short-term nature of these financial assets and liabilities

The fair value of long-term debt is based on management estimates and is determined by discounting cash flows required at the interest rate currently estimated to be available for loans with similar terms

The carrying amount and estimated fair value of the long-term debt financial instruments are as follows

	2008		2007	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	$	$	$	$
Long-term debt	350,884	411,556	395,898	455,362
	350,884	411,556	395,898	455,362

Credit Risk
In addition, the Corporation is also exposed to credit and concentration risk for its cash and cash equivalents and accounts receivable Credit risk is minimized substantially by ensuring that cash and cash equivalent assets are placed with Canadian chartered banks The average annual return on investments for 2008 is 4.50% (2007 - 4.23%)

Account receivable, accounts payable and accrued liabilities are the result of transactions incurred in the normal course of business, do not have significant credit risk, and are non-interest bearing

Interest Rate Risk
The Corporation is not exposed to significant interest rate risk due to its long-term debt having fixed interest rates

11 - INVESTED IN CAPITAL ASSETS

(a) Net assets invested in capital assets is calculated as follows

	2008	2007
	$	$
Capital assets (note 6) less land in Net assets - Contributed Surplus	4,428,172	5,203,455
Amounts financed by deferred capital contributions	(2,007,395)	(2,589,624)
	2,420,777	2,613,831

Change in net assets invested in capital assets is calculated as follows

(b) Deficiency of revenue over expenses

	2008	2007
Amortization of deferred capital contributions	904,001	840,231
Amortization of capital assets	(1,590,856)	(1,492,179)
	(686,855)	(651,948)

(c) Net change in invested capital assets

	2008	2007
Purchase of capital assets	815,575	922,502
Amounts funded by deferred capital contributions	(321,774)	(475,000)
	493,801	447,502

12 - CONTRIBUTED SURPLUS

Certain assets including land were transferred from the Government of Canada and the Government of Yukon to the control of the Yukon Hospital Corporation on April 1, 1993 and January 19, 1994

13 - PENSION COSTS AND OBLIGATIONS

Yukon Hospital Corporation sponsors a contributory defined benefit pension plan. Effective June 25, 2006, the Plan has been amended so that members are required to contribute to the plan 5.5% of annualized earnings up to the Year's Maximum Pensionable Earnings ("YMPE") plus 7.5% of annualized earnings in excess of YMPE for the Plan year.

The Corporation contributes amounts as prescribed by an independent actuary.

A separate pension fund is maintained to hold plan assets. Yukon Hospital Corporation has contracted with external organizations to provide trustee and investment management services for the fund. Pension fund assets are invested in balanced pooled funds of the investment manager. The market value of plan assets was $39,396,000 as at December 31.

An actuarial valuation for accounting purposes was performed as of December 31, 2007 by Towers Perrin, using the projected benefits method prorated on services. The actuarial valuation included services rendered by members under the Yukon Hospital Corporation Employees' Pension Plan since the inception of the plan in 1993, as well as service credits in respect of pre-1993 service transferred to the Yukon Hospital Corporation Employees' Pension Plan from the Public Service Pension Plan under the Special Reciprocal Transfer Agreement dated June of 1995. The next actuarial valuation for accounting purpose will be performed as of December 31, 2008.

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect management's best estimate of these future events. Key assumptions are summarized below.

Weighted-Average Assumptions for Expense	**2008**	**2007**
• Discount rate	5.25%	5.00%
• Expected long-term rate of return on plan assets	7.00%	7.00%
• Rate of compensation increase (exclusive of SMP increases)	3.00%	3.00%

Weighted-Average Assumptions for Disclosure	**2008**	**2007**
• Discount rate	5.00%	5.25%
• Rate of compensation increase (exclusive of SMP increases)	3.00%	3.00%

As at December 31, 2007, pension fund assets are valued at market value. No adjustment is made for benefits payable or contributions receivable.

	2008	2007
Change in accrued benefit obligation		
• Accrued benefit obligation - end of prior year	38,780,000	37,071,200
• Employer current service cost	2,008,000	2,183,500
• Interest cost on benefit obligation	2,125,000	1,849,900
• Employee contributions	798,000	703,400
• Benefits paid	(1,439,000)	(850,600)
• Actuarial gains (losses)	1,840,000	(2,177,100)
• Accrued benefit obligation - end of year	44,112,000	38,780,300
Change in Plan Assets		
• Fair value of plan assets - end of prior year	37,116,000	28,139,800
• Actual return on plan assets	(110,000)	3,814,000
• Employer contributions	3,254,000	5,674,600
• Employee contributions	798,000	703,400
• Benefits paid	(1,439,000)	(850,600)
• Actual plan expenses	(223,000)	(365,000)
• Fair value of plan assets - end of year	39,396,000	37,116,200
Market value of plan assets - end of year	39,396,000	37,116,200
Reconciliation of Funded Status		
• Accrued benefit obligation - end of year	44,112,000	38,780,300
• Fair value of plan assets	39,396,000	37,116,200
• Funding deficit	(4,716,000)	(1,664,100)
• Employer contributions made between measurement date and fiscal year end	859,000	1,642,600
• Unamortized past service costs	748,000	905,000
• Unamortized actuarial loss	6,160,000	1,443,200
Accrued benefit asset (liability)	3,051,000	2,326,700
Components of Net Periodic Pension Cost		
• Current service cost (employer portion) including provision for administrative expenses	2,149,000	2,322,500
• Interest cost on benefit obligation	2,125,000	1,849,900
• Actual return on plan assets	110,000	(3,814,000)
• Actuarial gains (losses) on accrued benefit obligation	1,840,000	(2,177,100)
Cost arising in the period	6,224,000	(1,818,700)
Differences between costs arising in the period and costs recognized in the period in respect of:		
• Return on plan assets	(2,795,000)	1,655,600
• Actuarial (loss) gain	(1,840,000)	2,330,700
• Plan amendments	157,000	157,400
• Transitional obligation (asset)	-	-
Net periodic pension cost recognized	1,746,000	2,325,000

Plan Assets By Asset Category	**Dec 31, 2007**	Dec 31, 2006
• Equity securities	61%	58.9%
• Debt securities	36%	33.5%
• Other	3%	7.6%
Total	100%	100%

13 - PENSION COSTS AND OBLIGATIONS (continued)

The Yukon Hospital Corporation adopted a measurement date of December 31 in respect of its pension obligations Consequently, both benefit obligations and plan assets are measured as of December 31 for presentation in the financial statements as of March 31

The accrued benefit asset has been recorded on the Corporation's books of account and is included on the balance sheet as at March 31, 2008.

The funded status of the pension plan (a deficit of $4,716,000 as at December 31, 2007) presented in these financial statements has been determined on the basis that the pension plan remains a going concern As at December 31, 2007 the pension plan had a deficit of $5 6 million if valued on the basis that the pension plan were terminated/wound up as at December 31 2007

The solvency ratio of the plan is 88% Since it is less than 100%, to be in accordance with the *Pension Benefits Standards Act, 1985*, the Corporation is required to make special payments to eliminate the solvency shortfall The payments have been actuarially determined as follows: quarterly payments of $143,000 per year over five years starting in 2005, quarterly payments of $181,400 per year over five year starting in 2006 and an additional quarterly solvency payment of $137,184 beginning in 2008 During the fiscal year, the Corporation contributed $2,426,961 to the plan, of which $1,484,480 related to solvency deficiency payments for 2008. Also during the fiscal year, the Corporation received $1,052,250 from the Government of Yukon and was owed $617,350 at year-end to fund these payments.

The projected amount the Corporation will need to pay for pension deficit is summarized as follows

	$
2008	1,846,300
2009	1,846,300
2010	1,303,300
2011	577,700
2012	548,700
	6,122,300

This amount is subject to re-evaluation after each actuarial valuation

14 - RELATED PARTY TRANSACTIONS

	2008	2007
Government of Yukon Contribution	$	$
• Basic Services	29,054,243	28,041,225
• First Nations Health program (note 15)	663,000	697,422
Total Basic Funding	29,717,243	28,738,647
• Other	1,772,909	4,702,871
• Yukon Hospital Foundation (included in fundraising revenue)	75,000	75,000
Government of Yukon Contribution	31,565,152	33,516,518

Revenue received from the Government of Yukon for services was $31,565,152 for 2008 (2007 $33,516,518) The 2008 contribution includes $75,000 (2007 $75,000) flow through funding given to Yukon Hospital Foundation. The other funding includes $1,052,250 (2007 $4,627,871) for the pension solvency deficiency payments.

	2008	2007
Services Provided Without Charge	$	$
• Rent	1,008,896	1,008,896
• Property taxes	641,084	613,620
Government of Yukon - In Kind	1,649,980	1,622,516

Services provided without charge represents costs associated with facilities provided by the Government of Yukon at a reduced rate or no charge. The estimated value of these services is based on the Government's amortization expense, plus any related operating expenses.

Other services are provided to related parties at no charge based on the agreement outlined in the Appendix H agreement. Appendix H is a transfer agreement between the Corporation and Government of Yukon which outlines Whitehorse General Hospital obligation to provide residual services to Yukon Communities. The total cost of providing these services for 2008 was $149,225 (2007 $138,000).

In compliance with its Appendix H agreement, the Corporation provides goods in the amount of $791,950 (2007 $794,886) to related parties which includes a 15% administration charge on Material Management supplies purchased in excess of $80,000 The Corporation recovers only the cost of goods of $757,418 (2007 $735,720). As this is a cost recovery arrangement, the revenues and cost of sales have been netted in Revenues - Other in the Consolidated Statement of Operations

15 - FIRST NATIONS HEALTH PROGRAM

The following amounts have been used in the First Nations Health program and have been included in the Consolidated Statement of Operations

	2008 $	2007 $
Revenues		
Government of Yukon - Transfer agreement (note 14)	663,000	663,000
Interest	110,564	103,723
Government of Yukon Contributions Health Partnership and Secondments	–	34,422
	773,564	801,145
Expenses		
Payroll	641,222	635,440
Material & Supplies	8,193	14,088
Travel	21,679	24,437
Honoraria	9,400	8,850
Sundry	23,928	50,465
Scholarships	28,528	25,500
Donations - Under our Wing Campaign	–	30,000
Contribution - Council of Yukon First Nations Health Commission	30,000	25,000
Depreciation	38,623	–
	801,573	813,780
Net Surplus	2,547,755	2,575,763

Under an annual contribution agreement, the Government of Yukon provides funds to the Corporation for the purpose of operating the First Nation Health program at the Whitehorse General Hospital. First Nations Health program includes a health liaison worker program, child life worker for the paediatric ward, traditional medicine, traditional diet, employment equity and training program, interpretation services and in-service training

16 - SUNDRY EXPENSE

The balance in Sundry expense is made up of the following items

	2008 $	2007 $
Software maintenance	178,449	288,685
Conference fees/Travel	287,619	311,426
Legal and professional fees	268,787	262,309
Recruitment and relocation	221,299	67,749
Delivery/Courier/Taxi	220,679	194,347
Diabetes Grant	158,492	–
Insurance	138,250	137,444
Security	137,694	105,166
Bad debt	142,290	96,661
Miscellaneous	78,217	202,286
Communications	57,807	53,630
Honorariums	56,891	46,264
Advertising	42,736	69,700
Membership fees	45,860	56,696
CYFN Health Commission contribution - FNH	30,000	–
Scholarships FNH	28,528	25,500
	2,093,599	1,917,864

17 - IMPROVEMENTS - THOMSON CENTER

The Thomson Center is a building owned by the Government of Yukon and was built adjacent to the Whitehorse General Hospital on land owned by the Corporation. The improvements to the Thomson Center consisted of repairs and upgrades funded by capital contributions provided by the Government of Yukon. As a result, these improvements have been expensed and not capitalized in these financial statements

18 - CONTINGENT LIABILITIES AND COMMITMENTS

The nature of the Corporation's activities is such that there may be litigation pending or in prospect at any time. No provision has been made for loss in these financial statements, as in management's opinion, there are no active claims which could have a material adverse effect on its financial position or result of operations.

19- TRUST ASSETS

	2008 $	2007 $
Deferred salary leave plan funds held in trusts	109,207	145,644

The Corporation administers trust accounts on behalf of employees in regards to its deferred salary leave plan. The deferred salary leave plan funds held in trusts are not included in the accompanying financial statements.

20 - ECONOMIC DEPENDENCE

The Corporation receives approximately 90% of its income from the Government of Yukon

21 - COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform with the presentation adopted in the current year

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YUKON HOUSING CORPORATION

FINANCIAL STATEMENTS

March 31, 2008

(audited)

NOT AVAILABLE AT PRESS TIME

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YUKON DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

December 31, 2007

(audited)

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Yukon
Development
Corporation

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of Yukon Development Corporation are the responsibility of management, and have been prepared in accordance with Canadian generally accepted accounting principles consistently applied and appropriate in the circumstances. The preparation of financial statements necessarily involves the use of estimates and approximations, which have been made using careful judgement. In management's opinion, the consolidated financial statements have been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized in the consolidated financial statements.

Management maintains systems of internal controls designed to provide reasonable assurance that assets are safeguarded and that reliable financial information is available on a timely basis. These systems include formal written policies and procedures, the careful selection and training of qualified personnel, and an organizational structure that provides for the appropriate delegation of authority and segregation of responsibilities.

The financial statements have been examined by an independent external auditor. The external auditor's responsibility is to express an opinion on whether the consolidated financial statements, in all material respects, fairly present the Corporation's financial position, results of operations and cash flows in accordance with Canadian generally accepted accounting principles. In addition, the external auditor reports on whether proper books of account have been kept by the Corporation, the consolidated financial statements are in agreement therewith, and transactions, in all significant respects, are in accordance with the *Financial Administration Act* as applicable, the *Yukon Development Corporation Act* and the bylaws of the Corporation and its wholly-owned subsidiaries. The Auditor's Report, which follows, outlines the scope of this examination and the auditor's opinion.

The Corporation's Board of Directors, through its Audit and Finance Committee, oversees management's responsibilities for financial reporting. The Audit and Finance Committee meets with management and the independent external auditor to discuss auditing and financial matters, to gain assurance that management is carrying out its responsibilities and to review and approve the consolidated financial statements. The auditor has full and free access to the Audit and Finance Committee, with and without the presence of management.

David Morrison
Chief Executive Officer

Blaine Anderson, C.A.
Chief Financial Officer

Whitehorse, Yukon
April 28, 2008

Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Minister Responsible for the Yukon Development Corporation

I have audited the consolidated balance sheet of the Yukon Development Corporation as at December 31, 2007 and the consolidated statements of income and comprehensive income, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Yukon Development Corporation Act*, I report that, in my opinion, these principles have been applied, except for the change in the method of accounting for financial instruments as explained in Note 2 to the financial statements, on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Corporation and by its wholly-owned subsidiary and the consolidated financial statements are in agreement therewith and the transactions of the Corporation and of its wholly-owned subsidiary that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with the *Financial Administration Act* and regulations, the *Yukon Development Corporation Act* and regulations, and the bylaws of the Corporation and its wholly-owned subsidiary.

Sheila Fraser

Sheila Fraser, FCA
Auditor General of Canada

Vancouver, Canada
April 28, 2008

Yukon Development Corporation

Consolidated Balance Sheet

As at December 31, (in thousands of dollars)	**2007**	**2006**
Assets		
Current assets		
Cash and cash equivalents (note 5)	$ 6,348	$ 8,476
Accounts receivable (note 6)	3,701	4,148
Materials and supplies	2,352	2,039
Prepaid expenses	186	181
Current portion of investment (note 7)	583	475
	13,170	15,319
Trust assets (note 8)	734	704
Direct financing leases (note 7)	2,017	2,600
Property, plant and equipment (note 9)	157,787	151,612
Diesel contingency fund (note 10)	856	821
Deferred uninsured losses (note 11)	463	500
Deferred charges (note 12)	9,205	9,326
	$ 184,232	$ 180,882
Liabilities		
Current liabilities		
Accounts payable	$ 4,266	$ 3,891
Current portion of long-term debt (note 16)	1,987	1,911
Regulatory liabilities (note 13)	1,191	1,483
	7,444	7,285
Long-term pension liability	741	560
Deferred revenue (note 14)	7,256	7,499
Trust liabilities	734	704
Long-term debt (note 16)	17,201	19,179
Contributions in aid of construction (note 17)	6,322	6,086
Regulatory provision for future removal and site restoration costs	5,241	5,083
Diesel contingency fund (note 10)	856	821
	45,795	47,217
Equity		
Contributed capital	41,501	41,501
Retained earnings	96,936	92,164
	138,437	133,665
	$ 184,232	$ 180,882

Contingencies and Commitments (notes 19 and 20)

The accompanying notes are an integral part of the financial statements.

Approved by the Board:

Chair

Director

Yukon Development Corporation

Consolidated Statement of Income and Comprehensive Income

For the year ended December 31, (in thousands of dollars)	**2007**	**2006**
Revenue		
Sales of power	$ 27,766	$ 27,096
Interest income	415	428
Finance income	308	364
Other income	118	262
	28,607	28,150
Expenses		
Administration	7,399	7,356
Operations and maintenance	5,599	5,375
Depreciation of property, plant and equipment	4,728	4,736
Interest on long-term debt	1,252	1,443
Amortization of deferred charges and water licensing costs	1,119	1,109
Programs	426	470
Provision for uninsured losses (note 11)	100	100
	20,623	20,589
Net income before other items	**7,984**	7,561
Rate stabilization (note 20)	**(3,212)**	(4,420)
Loss on disposition of assets	-	(5)
Net income	**4,772**	3,136

The accompanying notes are an integral part of the financial statements.

Yukon Development Corporation

Consolidated Statement of Retained Earnings

For the year ended December 31, (in thousands of dollars)	**2007**	2006
Retained earnings, beginning of year	**$ 92,164**	$ 89,028
Net income	**4,772**	3,136
Retained earnings, end of year	**$ 96,936**	$ 92,164

The accompanying notes are an integral part of the financial statements.

Yukon Development Corporation

Consolidated Statement of Cash Flows

For the year ended December 31, (in thousands of dollars)	**2007**	2006
Cash flows from		
Operating activities		
Cash receipts from customers	$ 28,088	$ 24,457
Cash paid to employees and suppliers	(16,790)	(17,304)
Interest paid	(1,252)	(1,443)
Interest received	723	792
	10,769	6,502
Financing activities		
Decrease in restricted cash	-	2,617
Repayment of long-term debt	(1,902)	(1,711)
Increase in trust assets	(30)	(25)
Increase in trust liabilities	30	25
	(1,902)	906
Investing activities		
Property and equipment purchased	(10,667)	(4,254)
Proceeds from disposition of investments	475	419
Payments related to regulatory provisions	195	(1,068)
Increase in deferred charges	(998)	(2,137)
	(10,995)	(7,040)
Net increase (decrease) in cash and cash equivalents	**(2,128)**	368
Cash and cash equivalents, beginning of year	**8,476**	8,108
Cash and cash equivalents, end of year	**$ 6,348**	$ 8,476

The accompanying notes are an integral part of the financial statements.

1. Authority, objectives and operations

Yukon Development Corporation (the "Corporation") was originally established under the *Yukon Development Corporation Act* to participate with the private sector in the economic development of the Yukon, to make strategic investments to the benefit of the territory and to acquire and operate the assets of Northern Canada Power Commission (NCPC) in the Yukon.

In 1993, the Corporation's mandate was changed to restrict its new initiatives to energy-related activities designed to promote the economic development of the Yukon.

The Corporation's wholly-owned subsidiary, Yukon Energy Corporation (the "Utility") was incorporated under the *Yukon Business Corporations Act*. Yukon Energy Corporation generates, transmits, distributes and sells electrical energy in the Yukon and is subject to overall regulation by the Yukon Utilities Board (YUB) and specific regulation by the Yukon Territory Water Board. Both of these boards are independent from the Utility.

Yukon Energy Corporation is exempt from the Financial Administration Act (Yukon).

Rate Regulation

The Corporation's subsidiary, Yukon Energy Corporation, is regulated by the YUB pursuant to the *Public Utilities Act (Yukon)*. There is no minimum requirement for the Utility to appear before the YUB to review rates. However, the Utility is not permitted to charge any rate for the supply of power that is not approved by an Order of the YUB. The Utility is subject to a cost of service regulatory mechanism under which the YUB establishes the revenues required (i) to recover the forecast operating costs, including depreciation and amortization, of providing the regulated service, and (ii) to provide a fair and reasonable return on utility investment or rate base. Whereas actual operating conditions may vary from forecast, actual returns achieved can differ from approved returns.

The regulatory hearing process used to establish or change rates typically begins when the Utility makes an application for its proposed electricity rate changes over the next one or two forecast years. The YUB must ensure that its decision, which fixes electricity rates, complies with appropriate principals of rate making, all relevant legislation including the *Public Utilities Act* and directives issued by the Yukon Government through Orders-In-Council that specify how the interests of the customer and Utility are to be balanced.

The YUB typically follows a two-stage decision process. In the first stage, the total costs that the Utility will incur to provide electricity to its customers over the immediate future are approved. The approval of these costs determines the total revenues the Utility is allowed to collect from its customers. It is the responsibility of the YUB to examine the legitimacy of three classes of costs:

- the costs to the Utility to run its operations and maintain its equipment (personnel and materials);
- the cost associated with the amortization of all capital equipment; and
- the return on rate base (the costs related to borrowing that portion of rate base which is financed with debt, and the costs to provide a reasonable rate of return on that portion of rate base which is financed with equity).

As well, in the first stage, the YUB reviews the addition of costs to rate base and assesses these costs to ensure they are prudent.

In the second stage, the YUB approves how the revenue will be raised. This stage essentially determines the electricity rates for the various customer classes in the Yukon: residential, government, commercial and industrial. This process is guided mainly by requirements of Yukon Government Order-in Council 1995/90 and can include a cost-of-service study which allocates the overall Utility's cost of service to the various customer classes on the basis of appropriate costing principles.

1. Authority, objectives and operations - continued

Rate Regulation - continued

Normally, the Utility applies for rates in advance of the applicable years. The last rate application was for the 2005 year. Interim hearings may be used between rate applications to deal with unforeseen circumstances which could result in the use of interim rates or riders until the next rate application when rates are reviewed and set as final.

Water Regulation

The Yukon Territory Water Board pursuant to the *Yukon Waters Act* decides if and for how long the Utility will have a water license for the purposes of operating hydro generation stations in the Yukon. The licenses will also indicate terms and conditions for the operation of these facilities.

2. Adoption of new accounting standards

Effective January 1, 2007, the Utility adopted the new CICA Handbook Sections 3855, Financial Instruments - Recognition and Measurement, Section 3861, Financial Instruments – Disclosure and Presentation, Section 1530 – Comprehensive Income, and Section 3865, Hedges. As required by the new standards, prior period results have not been restated. Under the new standards, financial assets and financial liabilities are initially recognized at fair value and are subsequently accounted for based on their classification. Held-to-maturity financial assets and loans and receivables and other financial liabilities are measured at amortized cost using the effective interest method. Held for trading and available for sale financial assets are measured at fair value. Financial liabilities are categorized as held for trading or other financial liabilities. Unrealized gains and losses on those assets categorized as available for sale are temporarily recorded in other comprehensive income until the gains or losses are realized.

The Utility has classified its financial instruments as follows:

Accounts receivable	Loans and receivables
Accounts payable	Other liabilities
Long-term debt	Other liabilities

Pursuant to section 3855.88(e)(ii) of the CICA handbook, the Utility elected to look at all contracts entered into after January 1, 2003 for embedded derivates. No embedded derivatives were found.

Section 1530 requires the presentation of Comprehensive income, which consists of net income and Comprehensive income. Comprehensive income is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income comprises revenues, expenses, gains and losses that, in accordance with primary sources of GAAP, are recognized in comprehensive income, but excluded from net income. After having determined that it had no other comprehensive income item to report in its financial statements, the Corporation has decided to comply with the new requirement in modifying the title of its Consolidated Statement of Operations which is now the Consolidated Statement of Income and Comprehensive Income and in modifying the line Net income for the year to become Net Income and Comprehensive income for the year. Section 3251 includes changes that correlate to section 1530. The adoption of section 1530 and of the correlative changes in section 3251 had no impact on opening retained earnings.

In adopting the new standard for financial instruments the Utility is required to adopt CICA Handbook Section 3865, Hedges. These standards do not have an impact on the financial statements because the Utility does not engage in the types of transactions addressed by this section.

3. Significant accounting policies

Financial statement presentation

The consolidated financial statements of Yukon Development Corporation have been prepared by management and conform to Canadian generally accepted accounting principles.

3. Significant accounting policies - continued

Financial statement presentation - continued

The consolidated financial statements include the accounts of Yukon Development Corporation and its wholly-owned subsidiary, Yukon Energy Corporation. The consolidated financial statements reflect Canadian generally accepted accounting principles and practices of regulatory bodies. The regulatory accounting policies adopted may differ from the accounting policies otherwise expected using GAAP. In particular, the timing of the recognition of certain assets, liabilities, revenues and expenses as a result of regulation may differ from that of a non-regulated enterprise. Impacts of accounting for rate regulated operations are further described in note 4. All significant inter-company transactions and balances have been eliminated on consolidation. Consequently, the significant accounting principles have been classified accordingly in the notes below:

Rate regulated accounting policies

Property, plant and equipment

The Utility capitalizes an allowance for funds used during construction ("AFUDC") at the weighted average cost of capital. Upon retirement or disposal any gain or loss is charged to income in the current year for assets depreciated on an individual basis, or charged to accumulated depreciation for assets depreciated on a pooled basis.

Regulatory liabilities

Regulatory liabilities represent amounts ordered by the YUB to be held by the Utility on behalf of ratepayers. Typically these amounts are either refunded to the customers or applied to ratepayer deficits through the rate setting process.

Deferred uninsured losses

As a means of self-insurance, the Utility provides for uninsured losses. An annual provision is approved by the YUB and collected through customer rates. Variances between the approved annual provision and actual costs incurred are deferred until the following general rate application or until a specific application is made to the YUB requesting recovery from or refund to customers.

Deferred charges

Deferred charges are recorded at cost less accumulated amortization. Cost of feasibility studies and infrastructure planning are amortized on a straight-line basis over five years. Regulatory hearing costs that are approved by the Yukon Utilities Board are amortized over three years. The remaining amounts in hearing costs at year end are waiting for an approval term by the Yukon Utilities Board. Other deferred charges are amortized to earnings on a straight-line basis over various terms approved by the YUB.

Regulatory provision for future removal and site restoration costs

The Utility maintains a provision for the future removal of property, plant and equipment and the costs of site restoration related to those assets. Per YUB Order 2005-12 no additional provision is permitted. This account provides for the costs of demolishing, dismantling, tearing down, or otherwise disposing of an asset and any site restoration costs, net of actual recoveries. This account is not used when the costs relate to an asset retirement obligation.

Deferred revenue

Deferred revenue represents a gain on fire insurance proceeds received related to a fire at the Whitehorse Rapids Generating Station in 1997. The gain is being amortized to income at the same rate as the replacement assets.

Diesel contingency fund

The Utility maintains a trust asset and an offsetting trust liability on behalf of ratepayers. The trust is used to reimburse the Utility for costs associated with diesel generation required when there is not sufficient water for hydraulic generation to meet demand.

3. Significant accounting policies - continued

Rate regulated accounting policies - continued

Diesel contingency fund - continued
The Utility is required to file an annual report with the YUB on the fund's activity.

Generally accepted accounting principles ("GAAP")

The following policies adopted by the Corporation are in accordance with Canadian generally accepted accounting principles.

Cash equivalents
Cash equivalents represent short-term highly liquid investments and are carried at fair value.

Revenue recognition
All revenues for energy sales, including wholesale power sales, are recognized in the period earned. Revenue from the sale of power is recognized based on cyclical meter readings. Sales of power includes an accrual for electricity deliveries not yet billed.

Materials and supplies
Materials and supplies and diesel fuel are recorded at average cost. Obsolete materials and supplies are recorded at salvage value in the period when obsolescence is determined.

Property, plant and equipment
Property, plant and equipment is stated at cost which includes materials, direct labour, a proportionate share of directly attributable administration overhead, and finance charges capitalized during construction, less accumulated amortization. Amortization is based on the straight-line method over the estimated economic life of the assets as follows:

Generation	
Hydro-electric plants	30 to 65 years
Diesel plants	25 to 45 years
Wind turbines	30 years
Transmission	40 to 50 years
Distribution	25 to 40 years
Buildings	20 to 40 years
Financial Information System	5 to 10 years
Transportation	9 to 31 years
Other equipment	5 to 20 years

Asset retirement obligations
On an annual basis the Utility identifies legal obligations associated with the retirement of tangible long-lived assets. Where a reasonable estimate of the fair value of these obligations can be determined, the total retirement costs are to be recorded as a liability at fair value, with a corresponding increase to property, plant and equipment.

The Utility has determined that it has tangible long lived assets with associated future legal obligations for retirement. As the Utility anticipates using the assets for an indefinite period, the date of removal of these assets cannot be reasonably determined, and therefore an asset retirement obligation has not been recorded. When the timing and amount of the retirement can be reasonably estimated, an asset retirement obligation and the corresponding increase in property, plant and equipment asset will be recognized.

3. Significant accounting policies - continued

Generally accepted accounting principles ("GAAP") - continued

Direct financing leases
Investments classified as current assets are carried at the lower of cost and market value. Other investments are carried at cost less a write-down, if necessary, for any impairment in value which is other than temporary.

Derivative financial instruments
The Corporation enters into interest rate swaps in order to reduce the impact of fluctuating interest rates on its long-term debt. The Corporation's policy is not to utilize derivative financial instruments for trading or speculative purposes. These swap agreements require the periodic exchange of payments without the exchange of the notional principal amount on which the payments are based.

The Corporation does not apply hedge accounting to its derivatives. Derivatives are recognized on the balance sheet upon issuance, and removed from the balance sheet when they expire or are terminated. Both on initial recognition and subsequently, each derivative is recognized as either an asset or a liability on the balance sheet at its fair value. Derivatives with a positive fair value are reported as derivative related amounts as a component of total assets. Derivatives with a negative fair value are reported as derivative related amounts as a component of liabilities. The change in the fair value of derivatives is recognized in income in the period in which it occurs.

Contributions in aid of construction
Certain property, plant and equipment additions are made with the assistance of cash contributions from customers. These contributions are amortized to income on the same basis as the assets to which they relate. Amortization of contributions from customers is netted on the statement of income against amortization expense.

Deferred water licensing costs
Costs related to obtaining water license renewals are deferred and amortized to earnings on a straight-line basis over the term of the license. The Utility operates its hydro generation facilities under three separate water licenses, with terms ranging from 17 to 25 years.

Employee pension plan
The Utility has a defined benefit pension plan which provides for pensions based on length of service and final average earnings. The cost of pension benefits is actuarially determined using the projected benefits method, prorated on service, and reflects management's best estimates of investment returns, wage and salary increases, and age at retirement. Adjustments resulting from plan enhancements, actuarial gains and losses, and changes in assumptions are amortized over the expected average remaining service period of active employees. Pension costs include the current cost of service and amortization of past service benefits and plan enhancements, and actuarial gains and losses. Amortization is on a straight-line basis over the expected average remaining service period of active employees, which is currently 14 years. The transitional asset that arose when this policy was first applied is amortized over the average remaining service period of active employees expected to receive benefits under the benefit plan as of January 1, 2000. The expected return on plan assets is based on the fair value of these assets.

Measurement uncertainty
The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. This mainly affects revenue, accounts receivable, property, plant and equipment, asset retirement obligations and employee pension obligations.

3. Significant accounting policies - continued

Generally accepted accounting principles ("GAAP") - continued

Measurement uncertainty - continued
Actual results could differ by a significant amount from these estimates. Management's estimates and assumptions, especially those affecting the reported amounts of assets and the Utility's ability to recover the cost of these assets through future rates, are subject to decisions of the YUB as described in note 4.

Future Accounting Changes – Financial Instrument Disclosures and Capital Disclosures
On December 1, 2006, the CICA issued three new accounting standards: Handbook Section 3862 Financial Instruments – Disclosures; Section 3863 Financial Instruments – Presentation; and Section 1535 Capital Disclosures. These standards apply to fiscal years beginning on or after October 1, 2007 and accordingly will be effective for the Utility on January 1, 2008.

Sections 3862 and 3863 replace Section 3861 Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. These sections are currently being assessed by management to determine the applicability and impact on the Utility's financial statements.

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. This section is expected to have limited impact on the Corporation's financial statements.

Section 3031 is a new recommendation for the measurement and disclosure of inventories. This section provides guidance on the determination of cost and its subsequent recognition as an expense, including any write down to net realizable value and on the cost formulas that are used to assign costs to inventories. The adoption of these recommendations is not expected to have a material impact on the earnings or assets of the Corporation.

Effective January 1, 2009 the CICA has removed a temporary exemption in its accounting recommendations that permitted assets and liabilities arising from rate regulation to be recognized and measure on a basis other than in accordance with primary sources of GAAP. The Corporation is evaluating the possibility of using standards issued by the Financial Accounting Standards Board in the United States that allow for the recognition and measurement of rate regulated assets and liabilities as another source of Canadian GAAP . This section is currently being assessed by management to determine the impact on the Corporation's financial statements.

4. Financial statement effects of rate regulation

Certain items in these consolidated financial statements are accounted for differently than they would be in the absence of rate regulation.

Where regulatory decisions dictate, the Utility defers certain costs or revenues as assets or liabilities on the balance sheet and records them as expenses or revenues in the statement of income as it collects or refunds amounts through future customer rates. Any adjustments to these deferred amounts are recognized in earnings in the period that the YUB renders a subsequent decision.

Regulatory assets represent future revenues associated with certain costs, incurred in the current period or in prior periods, which are expected to be recovered from customers in future periods through the rate-setting process. Regulatory liabilities represent future reductions or limitations of increases in revenues associated with amounts that are expected to be refunded to customers as a result of the rate-setting process.

4. Financial statement effects of rate regulation - continued

The following describes each of the circumstances in which rate regulation affects the accounting for a transaction or event:

	2007	2006	Expected remaining recovery/ settlement (years)	For 2007 In the absence of Rate Regulation the Utility's Net Income would have increased (decreased) by:
Regulatory assets				
Deferred charges (note 12), net book value				
Feasibility studies	$ 2,319	$ 2,999	1 to 5	$ 680
Downsizing costs	24	71	1	47
Hearing costs	1,071	311	Indeterminate	(760)
Dam safety review	27	49	2	22
Diesel contingency fund (note 10)	856	821	Indeterminate	(35)
	4,297	4,251		(46)
Regulatory liabilities:				
Faro Mine dewatering deferral revenue (note 13)	1,191	1,483	Indeterminate	(292)
Deferred gain on fire insurance proceeds (note 14)	7,256	7,499	28	(243)
Deferred uninsured losses (note 11)	(463)	(500)	Indeterminate	37
Regulatory provision for future removal and site restoration costs	5,241	5,083	Indeterminate	158
Diesel contingency fund (note 10)	856	821	Indeterminate	35
	14,081	14,386		(305)
Net impact	$ (9,784)	$ (10,135)		$ (351)

Regulatory assets

(a) Deferred charges

Deferred charges represent costs which have been deferred and are being amortized over various periods. In the absence of rate regulation, GAAP would require such costs to be recognized as expenses in the year incurred.

Feasibility studies

The costs of determining the feasibility of future capital projects that did not result in a capital project are deferred and amortized over five years as approved in the Utility's 1991/92 General Rate Application and re-confirmed in YUB Order 2005-12. In the absence of rate regulation, expenses in 2007 would have been $680,000 lower (2006 - $1,501,000 higher expenses).

Downsizing costs

Costs incurred to assist in downsizing the Utility's workforce are capitalized and amortized to expense over seven years as approved in the Utility's 1993/94 General Rate Application and reconfirmed in YUB Order 2005-12. In the absence of rate regulation, expenses in 2007 would have been $47,000 lower (2006 - $48,000 lower expenses).

Hearing costs

These costs are associated with the YUB regulatory proceedings that were held in 2005 and the Resource Plan Proceedings that were held for the Carmacks-Stewart Transmission Project in 2007. The costs consist primarily of legal and consulting costs incurred by the Utility, and reimbursement of YUB and intervenor costs. YUB Order 2005-12 directed the Utility to defer and amortize the approved hearing costs of $933,000 over three years commencing January 1, 2005.

4. Financial statement effects of rate regulation - continued

Hearing costs - continued
YUB Order 2007-9 directed the Utility to record the Resource Plan Proceeding costs in a Hearing Reserve Account. In the absence of rate regulation, expenses in 2007 would have been $760,000 higher (2006 - $311,000 lower expenses).

Dam safety review
The Utility has a program of conducting reviews of the safety of its dams in accordance with standards set by the Canadian Dam Association. External consultants are hired every five years with intermittent costs incurred in the interim periods. These costs are amortized over five years as approved by the Utility's 1991/92 General Rate Application and reconfirmed in YUB Order 2005-12. In the absence of rate regulation, expenses in 2007 would have been $22,000 lower (2006 - $40,000 lower expenses).

(b) Diesel contigency fund
The Diesel contingency fund ("DCF") was established by YUB Order 1996-6 through the Negotiated Settlement process. The DCF is administered by the Utility on behalf of the YUB, and as such is recorded as a trust asset and a trust liability. The DCF attracts interest based upon short-term bond rates in which the Utility invests the funds held in trust. Any negative balance attracts interest at the lowest short-term borrowing rate available to the Utility through its line of credit. Pursuant to YUB Order 1996-6, the Utility from time to time is required to transfer amounts to or from the trust it maintains on behalf of ratepayers to reimburse the Utility for costs associated with diesel generation required when there is not sufficient water for hydraulic generation to meet demand. In the absence of regulation, GAAP would have required any interest earned or incurred to be included in the Utility's net income in the year in which they occurred. In the absence of rate regulation, the Utility's net income in 2007 would have been higher by $35,000 from interest earned on the DCF (2006 - $30,000 higher net income).

Regulatory liabilities

(c) Faro Mine dewatering deferral revenue
As directed by YUB Order 1998-5, all revenues, less any incremental costs to provide the service, collected from the Faro Mine under Rate Schedule 34 (Faro Mine Firm Shutdown Power) prior to December 31, 2004, were deferred for the benefit of ratepayers pending direction from the YUB. YUB Order 2005-12 confirmed that effective January 1, 2005 the Faro minesite would be charged the General Service-Government rate so there will be no further increases to Faro Mine Dewatering Deferral Account. This order also enables the Utility to draw down on the Faro Mine dewatering revenue to fund its approved revenue shortfall. YUB Order 2007-2 set the approved 2007 revenue shortfall at $292,000. In the absence of rate regulation, GAAP would have required only the recognition of actual sales earned during the year.

As a result, the Utility's sales of power in 2007 would have been $292,000 lower (2006 - $292,000 lower). The period over which the remaining liability will be recognized as revenue for the benefit of ratepayers is dependent on future YUB Board orders and, therefore, cannot be estimated.

(d) Deferred gain on fire insurance proceeds
The deferred gain on fire insurance proceeds relates to a fire at the Whitehorse Rapids Generating Station in 1997 which, pursuant to Board Order 2000-3, is being amortized to income at the same rate as the replacement assets. In the absence of rate regulation, GAAP would have required the gain to have been completely recognized as income in the year received. As a result, the Utility's current year net income in 2007 would have been lower by the amount of the amortization of $270,000 (2006 - $270,000 lower).

4. Financial statement effects of rate regulation - continued

(e) Deferred uninsured losses

The YUB has approved the use of a provision for uninsured damages and injuries as a means of self-insurance. The provision is maintained through an annual provision approved by the YUB. In order to eliminate the deficit rate payers held as a result of uninsured losses, the Utility was directed by YUB Order 2005-12 to transfer the insurance proceeds being held on behalf of rate payers of $744,000 to the provision for uninsured loss, and increase the annual provision from $50,000 to $100,000 for the years 2005 to 2007. In the absence of rate regulation, GAAP would require costs to be expensed as incurred and, therefore, expenses in 2007 would have been lower by $37,000 (2006 - $533,000 higher). The period over which the provision will be recovered is dependent on the magnitude of future actual losses incurred and cannot be estimated.

(f) Regulatory provision for future removal and site restoration costs

Pursuant to amortization rates approved by the YUB in the Utility's previous general rate applications, under section 23(1)(b) of the Public Utilities Act, the Utility has maintained a provision for future removal and site restoration costs. As a result of the YUB Order 2005-12, effective January 1, 2005, the Utility is required to maintain this provision as a regulatory provision in addition to any asset retirement obligations. The provision is not to exceed the cumulative value of the provision at December 31, 2004 of $5,757,000. In the absence of rate regulation, GAAP would have required the Utility to reverse the provision to retained earnings in 2004. YUB Order 2005-12 also directs the Utility to notify interveners and interested parties when the balance of the provision reaches $2,000,000. Costs of dismantling capital assets, including site remediation, will be applied to this regulatory liability if they do not otherwise relate to an asset retirement obligation. In a non-regulated industry, future removal and site restoration costs would be limited to asset retirement obligations, and the removal and site restoration costs would be expensed in the year incurred if they did not relate to an asset retirement obligation. In the absence of rate regulation, the Utility's 2007 expense would have been lower by the amount of actual removal and site restoration costs incurred in the year of $158,000 (2006 expenses - $535,000 higher). The period over which the provision will be settled is dependent on the future costs of demolishing, dismantling, tearing down, or otherwise disposing of the asset, and site restoration net of actual recoveries, and is, therefore, indeterminate.

(g) Fuel price adjustment

OIC 1998/90 directs the YUB to permit the Utility to adjust electricity rates to reflect fluctuations in the price of diesel fuel. The amount by which actual fuel prices vary from the YUB approved rates is deferred and recovered or refunded to customers in a future period.

In the absence of rate regulation, GAAP would require that actual diesel fuel expenses be included in the operation result of the year that they are incurred. In 2007, fuel expenses were deferred and consequently lower by $72,000 (2006 - $56,000 lower).

Other items affected by rate regulation

The Utility is required under the *Public Utilities Act* to obtain prior approval from the YUB before making changes to depreciation, amortization, and depletion rates and methods. The YUB permits an allowance for funds used during construction ("AFUDC"), based on the Utility's weighted average cost of capital, to be included in the rate base. AFUDC is also included in the cost of property, plant and equipment for financial reporting purposes, and is depreciated over future periods as part of the total cost of the related asset, based on the expectation that depreciation expense, including the AFUDC component, will be approved for inclusion in future customer rates. Since AFUDC includes not only a cost of debt component, but also a cost-of-equity component, it exceeds the amount allowed to be capitalized in similar circumstances in the absence of rate regulation.

It is the Utility's policy to charge to income, in the year of disposal, any gain or loss upon retirement or disposal of land or vehicles. As approved by the YUB, the gain or loss on all other property, plant and equipment is charged to accumulated amortization and deferred and amortized over the expected life of the remaining pool of similar assets.

4. Financial statement effects of rate regulation - continued

Other items affected by rate regulation - continued
In the absence of rate regulation, GAAP would require the gain or loss on the disposal or retirement of all property, plant and equipment to be included in income in the period of disposal or retirement.

YUB Order 2005-12 disallows the Utility from earning a return on any additional costs incurred with respect to the Mayo-Dawson line as a result of pursuing any claims or counter claims against the general contractor and directs the Utility to record any recoveries from the general contractor in an interest-bearing deferred account for future review and disposition by the YUB.

The Utility's policy of maintaining a constant capital structure of 60% debt and 40% equity is reviewed by the YUB as part of the rate setting process and in the determination of the return on rate base. In the absence of rate regulation, the Utility would determine the appropriate capital structure solely based on decisions by the Board of Directors of the Utility, which may differ from the current policy.

All amounts maintained as regulatory assets and liabilities are expected to be recovered or settled over the periods noted above. However, there are risks and uncertainties associated with the recovery or settlement related to potential future decisions of the regulator which could result in material adjustments to these assets and liabilities.

5. Cash and cash equivalents

	2007	2006
Bank balance	$ 6,348	$ 8,333
Short-term investments	-	143
	$ 6,348	$ 8,476

Short-term investments are monies invested in a pooled money market fund. The short-term securities held in the fund have an average maturity less than 90 days. Earnings are distributed monthly on a pro-rata share of the total fund. The fair market value of these investments is equal to the carrying amount (note 22).

Yukon Energy Corporation also has a demand line of credit facility with its banker that allows the Utility to borrow up to $10,000,000 at bank prime. The overdraft facility is guaranteed by the Yukon Government. At year end the Yukon Energy Corporation borrowed nil (2006 - nil) on the credit facility.

6. Accounts receivable

	2007	2006
Wholesale energy sales	$ 2,853	$ 2,764
Retail energy sales	824	1,071
Other	24	313
	$ 3,701	$ 4,148

The Utility's wholesale energy sales are made to Yukon Electrical Company Limited, an unrelated company also regulated by the YUB. Wholesale energy sales in 2007 were approximately $18,402,000 (2006 - $18,111,000).

7. Direct financing leases

The Corporation's investments are summarized as follows:

	2007	2006
Direct financing leases	$ 2,600	$ 3,075
Less: current portion	583	475
	$ 2,017	$ 2,600

In 1990, the Corporation acquired the building known as Old Yukon College from the Yukon Government for a nominal fee. The building was renovated and is being leased back to the Government for a period of 20 years. At the end of the lease term (in 2011) the Government may purchase the building from the Corporation for a nominal fee. Interest from the lease is recognized as finance income. The investment was $2,204,022 in 2007 (2006 - $2,678,757). The monthly lease payments on the building are $65,348.

In 2003, the Corporation financed an electric boiler system for the Yukon Hospital Corporation for a total cost of $595,898. The repayment terms on this lease stipulate that one half of the energy cost savings resulting from the boiler usage during the year will be repaid against the investment. Interest on this investment is earned at the rate of 7.5% per annum and is recognized as finance income. The investment balance was $395,898 in 2007 (2006 - $395,898).

8. Trust assets

	2007	2006
Energy infrastructure investment	**$ 734**	$ 704

Energy infrastructure investment represents cash held in trust by Yukon Development Corporation on behalf of a Yukon First Nation for investment in energy infrastructure. The ultimate use of these funds is subject to the finalization of necessary investment agreements. An equal offsetting liability is recorded in trust liabilities.

The amount is recorded at fair value.

9. Property, plant and equipment

	Cost	Accumulated Depreciation	**2007 Net book Value**	2006 Net book Value
Generation	$ 138,983	$ 49,066	**$ 89,917**	$ 91,525
Transmission	48,486	11,984	**36,502**	37,132
Buildings and other equipment	16,244	6,150	**10,094**	9,736
Distribution	15,360	5,358	**10,002**	9,482
Construction-in-progress	8,345	-	**8,345**	1,263
Transportation	2,556	748	**1,808**	1,391
Financial information system	1,303	1,303	**-**	3
Land and land rights	1,119	-	**1,119**	1,080
	$ 232,396	**$ 74,609**	**$ 157,787**	$ 151,612

10. Diesel contingency fund

	2007	2006
Balance, beginning of year	$ 821	$ 791
Interest	35	30
Balance, end of year	**$ 856**	$ 821

Diesel contingency funds are monies invested in a pooled money market fund. The short-term securities held in the fund have an average maturity less than 90 days. Earnings are distributed monthly on a pro-rata share of the total fund. Annual return on investment for 2007 was 4.63% (2006 - 4.08%). The fair market value of these investments is equal to the carrying amount.

11. Deferred uninsured losses

	2007	2006
Balance, beginning of year	$ (500)	$ 33
Provision	100	100
Losses incurred		
Asset replacement	(63)	(633)
Balance, end of year	**$ (463)**	$ (500)

12. Deferred Charges

	Cost	Accumulated Amortization	2007 Net book Value	2006 Net book Value
Deferred water licensing costs	$ 8,683	$ 2,996	$ 5,687	$ 5,808
Feasibility studies and infrastructure planning	3,172	853	2,319	2,999
Regulatory Hearing costs	2,004	933	1,071	311
Downsizing costs	334	310	24	71
Dam safety review	213	186	27	49
Deferred financing costs	110	33	77	88
	$ 14,516	**$ 5,311**	**$ 9,205**	$ 9,326

13. Regulatory liabilities

	2007	2006
Faro Mine dewatering revenue		
Opening balance	1,483	1,775
Applied to revenue shortfall YUB Order 2005-17 (note 4)	(292)	(292)
Closing balance	1,191	1,483
	$ 1,191	$ 1,483

14. Deferred revenue

	2007	2006
Deferred gain on fire insurance proceeds - capital assets (net of amortization and adjustments of $3,606 (2006 - $3,707))	$ 7,256	$ 7,499

15. Interest rate swap agreement

Interest rate swap agreements are transactions in which two parties exchange interest flows on a specified notional amount on predetermined dates for a specified period of time using agreed-upon fixed or floating rates of interest. Notional amounts upon which interest payments/receipts are based are not exchanged.

The Corporation has entered into an interest rate swap agreement with The Toronto Dominion Bank to reduce its exposure to fluctuations in interest rates on a portion of its debt (note 16) by exchanging its interest payments calculated at a floating banker's acceptance discount rate (4.81% at December 29, 2007) for fixed payments calculated at 4.62%. The swap agreement originated on March 30, 2005 and matures on March 30, 2017 with quarterly net settlements. The notional amount of the interest rate swap, which is reset quarterly to match a portion of the principal on the debt, is $6,552,000 as at December 31, 2007.

The fair market value of the swap agreement as at December 31, 2007 was ($49,978), (2006 - ($103,867)).

16. Long-term debt

The Corporation's long-term debt is summarized as follows:

	2007	2006
The Toronto Dominion Bank $11,400,000 term facility by way of banker's acceptances, at a variable interest rate which resets quarterly (banker's acceptance discount rate plus stamping fee as at December 31, 2007 of 4.82%). Principal drawdowns are quarterly with the balance due on March 30, 2017	$ 9,062	$ 9,890
TD Canada Trust $12,400,000 term note bearing interest at 7.81% payable in monthly installments of $102,000 interest and principal, with the balance due September 30, 2011. The note is guaranteed by the Yukon Government	7,804	8,442
Great West Life $5,750,000 mortgage bearing interest at 11.5%, repayable in monthly installments of $60,269 interest and principal with the final payment due July 2011	2,322	2,758
	19,188	21,090
Less current portion	1,987	1,911
	$ 17,201	$ 19,179

Mortgage payable
The mortgage is secured by land and buildings described in note 9.

Long-term debt repayment
Scheduled repayments for all long-term debt are as follows:

2008	$ 1,987
2009	2,125
2010	2,275
2011	2,437
2012	1,854
Thereafter	8,510
	$ 19,188

Fair value
Fair value at December 31, 2007 of $20,412,000 (2006 - $22,777,000) for all long-term debt was estimated using discounted cash flows based on an estimate of the Corporation's current borrowing rate for similar borrowing arrangements.

17. Contributions in aid of construction

	Cost	Accumulated Amortization	2007 Net book Value	2006 Net book Value
Contributions from customers since 1998	$ 4,070	$ 402	$ 3,668	$ 3,792
Pre - 1998 contributions	1,739	944	795	816
Government of Yukon contributions	2,530	671	1,859	1,478
	$ 8,339	$ 2,017	$ 6,322	$ 6,086

The sources of contributions received prior to 1998 were not recorded separately.

18. Pension costs and obligations

Yukon Energy Corporation, (the Utility) sponsors a defined benefit pension plan which provides benefits based on length of service and final average earnings as follows:

- years of pensionable service,
- the average annual earnings during any five consecutive years of pensionable service where earnings are the highest, and
- the average of the years maximum pensionable earnings (Canada Pension Plan) for the same 5-year period

Annual cost of living increases to a maximum of 3.00% are provided to pensioners. The Utility contributes amounts as recommended by an independent actuary.

Employees make contributions to the plan as follows:

- 3.5% of earnings up to the year's maximum pensionable earnings
- 5.0% of earnings in excess of year's maximum pensionable earnings to a maximum of $2,500 per year.

The Utility has contracted with external organizations to provide services of trustee, administrator and investment manager for the pension plan.

An actuarial valuation for funding purposes was performed as of January 1, 2007 by the consulting actuarial firm AON Consulting Inc. The next valuation for funding purposes will be conducted as of January 1, 2010. The pension costs and obligations were based on the data used in the January 1, 2004 funding valuation and have been projected to December 31, 2007 in accordance with generally accepted actuarial standards.

18. Pension costs and obligations - continued

The fair value of the plan assets is based on market values as reported by Group Retirement Services, the plan's custodian as at December 31, 2007. The plan assets are invested in a pooled balanced fund. The distribution of assets by major asset class is as follows: equities (51.0%; 2006 - 51.9%), fixed income securities (38.2%; 2006 - 38.3%); and real estate (10.8%; 2006 - 9.8%).

Information about the Utility's defined benefit plan as at December 31, in aggregate, is as follows:

		2007		2006
Discount rate - accrued benefit obligation		5.50%		5.25%
Discount rate - benefit costs		5.25%		6.00%
Expected long-term rate of return on plan assets		6.50%		6.50%
Assumed rate of salary escalation		3.00%		3.00%
Assumed rate of pension indexing		2.50%		2.50%
Expected average remaining service period of active employees		12 years		14 years
Benefit obligation determined by actuarial valuation	$	10,010	$	9,181
Fair value of plan assets		7,500		7,006
Plan deficit	$	2,510	$	2,175
Unrecognized amount				
transitional asset		169		186
net actuarial losses		(1,875)		(1,741)
Accrued benefit liability	$	804	$	620
Pension expense	$	493	$	506
Employer contributions	$	308	$	307
Employee contributions	$	113	$	115
Benefits paid	$	117	$	60

The accrued benefit liability has been recorded on the Utility's books of account and its current portion of $63,000 (2006-$60,000) is included in accounts payable on the balance sheet.

Employees joining after January 1, 2002 are not eligible to participate in the defined benefit plan. The Utility makes contributions to a Registered Retirement Savings Plan ("RRSP") on behalf of these employees and to employees hired before January 1, 2002 who belonged to the defined benefit plan and elected to opt out of that plan. The RRSP is a defined contribution plan. The costs recognized for the period are equal to the Utility's contribution to the plan. In 2007 these were $184,000 (2006 - $149,000).

Total cash payments for employee future benefits for 2007, consisting of cash contributed by the Utility to its funded defined benefit pension plan and cash contributed directly to the RRSP were $492,000 (2006 - $456,000). As at December 31, 2007, the Utility's defined pension plan had 38 members (2006 - 40) and the RRSP had 41 members (2006 - 40 members).

19. Contingencies

Mayo to Dawson City transmission line project

The Utility completed the construction of the Mayo to Dawson City transmission line project during 2003. Subsequent to energization of the line, the Utility and the general contractor notified each other that they have numerous claims arising out of the agreement and the construction of the line. These claims total several million dollars on a net basis.

Third party proceedings have been initiated by both the Utility and the general contractor against other consultants and subcontractors to the Project. Documents will be exchanged between all parties by July 14, 2008, and examinations for discovery will commence in the fall of 2008. The consolidated trial of all claims and third party claims is scheduled for 2010. To date, the Utility has insufficient information to assess the merits of the various claims.

20. Commitments

Power Purchase Agreement

On February 8, 2007, the Utility signed a Power Purchase Agreement (PPA) with Minto Explorations Limited (MEL). After review by the Yukon Utilities Board and due diligence by the Utility, the agreement was amended on May 14, 2007 and May 25, 2007, respectively.

Under the amended PPA (approved by the Yukon Utilities Board on Order 2007-6), the Utility agreed to construct a power line to the MEL mine site to deliver electricity from its grid for the mine's operation subject to various conditions to be met before the agreement could take full effect. The significant provisions include:

- a firm mine rate (as subsequently set out in OIC 2007/94),
- a low grade ore processing secondary energy rate,
- a minimum take-or-pay amount of $12,000,000 to be paid by MEL within the first four years of service by the Utility,
- certain security to be provided to the Utility by MEL,
- a capital cost contribution by MEL to the Utility (for the full capital cost of the transmission line from Minto Landing to the mine site plus a contribution of $7,200,000 towards the cost of the power line from Minto Landing to the existing grid at Carmacks),
- decommissioning costs to be paid to the Utility by MEL, and
- in consideration for assignment of four leased diesel generators with a combined continuous rating of 6.4 MW, YEC will pay MEL $2,240,000 subject to certain conditions and adjustments.

The Utility has agreed in the PPA to finance MEL's capital contribution over seven years at an interest rate of 7.5% per annum, subject to conditions and potential adjustments, with MEL making payments annually.

The Corporation and the Utility have agreed on certain matters related to the MEL capital cost contribution, including YDC's agreement:

- to assume from the Utility the financing risk of the MEL capital cost contribution and
- to guarantee all capital cost payments by MEL to the Utility under the PPA, and
- to pay directly to the Utility any amount in excess of $7,200,000 of the contribution required by MEL towards the cost of the power line from Minto Landing to the existing grid at Carmacks.

All conditions required for the PPA to take full effect were cleared or waived by December 17, 2007.

20. Commitments - continued

Construction Commitments

During 2007, the Utility entered into major contracts with third parties related to project management, survey, clearing and construction necessary to deliver power to the Minto mine site and the community of Pelly Crossing. The total approved budget (including planning costs) is $37,700,000 and the line is anticipated to be energized by September 30, 2008. By year end, the Utility had spent $6,300,000 on the project, which is recorded in property, plant and equipment. The Corporation has contribution commitments from the Government of Yukon for $10,450,000 to be received in the following year.

Project Agreement

On October 19 2007, the Utility signed a Project Agreement with the Northern Tutchone First Nations (NTFN). This agreement defines certain rights and obligations of the parties as they pertain to the Carmacks Stewart Transmission Project defined above. The Utility has granted the NTFN an option on certain terms and conditions to take over part or all of the financing being provided to the Minto Mine by the Utility in relation to the capital contribution made by the mine under the PPA agreement. The financing amount will be for all or part of the capital cost of the Mine Spur and the $7,200,000 contribution to the main line. The option must be exercised prior to September 30, 2008 or such later date as to which the Utility agrees.

Aishihik Water License

The Yukon Territory Water Board issued a water use license in 2002, valid until December 31, 2019, for the Utility's Aishihik Lake facility. In addition to maintaining a minimum and maximum water level, this license commits the Utility to meet a number of future requirements including:

- annual payments of $25,000 until 2011 for the purpose of construction and maintenance of a heritage camp and delivery of programs at the camp;
- a Heritage Mitigation Plan. The Utility spent approximately $6,000 in 2006 on heritage projects, expects to spend up to $30,000 in 2007 on heritage projects, and the balance which has not yet been determined in the future; and
- annual fish monitoring programs.

Fish monitoring programs are also required under an authorization provided by the Federal Government Department of Fisheries and Oceans, which is valid until December 31, 2019. The costs of meeting these requirements are accounted for as water license costs in the year they are paid.

Funding of Energy Solutions Centre Programs

As part of the transfer of operations of the Canada Yukon Energy Solutions Centre to the Department of Energy, Mines and Resources, Yukon Development Corporation has agreed to provide funding of $400,000 per calendar year for 2006 and 2007 to be used for delivery of Energy Solutions Centre programs. This expense is recorded in administration on the statement of operations.

Rate Stabilization Fund

On March 30, 2007, the Yukon Government announced the continuation of the Rate Stabilization Fund from April 1, 2007 until July 1, 2007 with the Yukon Development Corporation required by OIC 2007/58. On June 30, 2007, the Rate Stabilization Fund was extended to June 30, 2008 required by OIC 2007/95.

21. Environmental liabilities

Yukon Energy Corporation's activities are subject to various federal and territorial laws and regulations governing the protection of the environment or to minimize any adverse impact thereon. The Utility conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. Liabilities will be recorded when the occurrence of an environmental expenditure, related to present or past activities of the Utility, is considered probable and the costs can be reasonably estimated. To date, no such specific liabilities have been recorded in the Utility's accounts.

22. Risk management and financial instruments

The fair value of cash and cash equivalents, accounts receivable, restricted cash, diesel contingency fund, accounts payable approximate the carrying amount of these instruments due to the short period to maturity. The fair value of long-term debt and of interest rate swap agreements are described in notes 15 and 16 respectively. The Utility also has access to a $10 million line of credit. The renewal date on the line of credit is October 31, 2009. The account accrues interest on withdrawals at prime rate. The facility was not drawn on at year end.

The Utility is not exposed to significant interest rate risk due to its long-term debt having fixed interest rates. The Utility's credit risk is minimal in that its primary customer is a regulated utility.

23. Non-consolidated financial information

The nature and size of operations of the Corporation and its subsidiary, Yukon Energy Corporation differ substantially. Audited financial statements of Yukon Energy Corporation for the year ended December 31, 2007 are also prepared.

24. Comparative figures

Certain 2006 figures, which are presented for comparative purposes, have been reclassified to conform with the current year's presentation.

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YUKON LIQUOR CORPORATION

FINANCIAL STATEMENTS

March 31, 2008

(audited)

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YUKON LIQUOR CORPORATION
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of the Yukon Liquor Corporation is responsible for establishing and maintaining a system of books, records, internal controls and management practices designed to provide reasonable assurance that reliable financial information is produced; the assets of the Corporation are safeguarded and controlled; the transactions of the Corporation are in accordance with the relevant legislation, regulations and by-laws of the Corporation; the resources of the Corporation are managed efficiently and economically; and the operations of the Corporation are carried out effectively.

Management is also responsible for the integrity and objectivity of the financial statements of the Corporation. The financial statements as at March 31, 2008, which include amounts based on management's best estimates as determined through experience and judgement, are prepared in accordance with Canadian generally accepted accounting principles.

These financial statements have been independently audited by the Corporation's external auditor, the Auditor General of Canada, and her report is included in this report.

Ron MacMillan	Christine Mahar
President	Director, Shared Services, Finance, Systems & Admin

June 4, 2008

Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Minister responsible for the Yukon Liquor Corporation

I have audited the balance sheet of the Yukon Liquor Corporation as at March 31, 2008 and the statements of income, comprehensive income and equity, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Liquor Act*, I report that, in my opinion, these principles have been applied, after giving retroactive effect to the change in the method of accounting for financial instruments as explained in Note 2 to the financial statements, on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept and the financial statements are in agreement therewith, and the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Liquor Act* and regulations, the *Liquor Tax Act*, the *Financial Administration Act* and regulations and the by-laws of the Corporation.

Andrew Lennox

Andrew Lennox, CGA, CMA
Assistant Auditor General
for the Auditor General of Canada

Vancouver, Canada
June 4, 2008

YUKON LIQUOR CORPORATION
BALANCE SHEET
As at March 31

ASSETS

	2008	2007
	(in thousands)	
Current		
Cash	$ 3 104	$ 1 409
Accounts receivable	77	80
Inventories	2 651	2 138
	5 832	3 627
Property, plant and equipment (Note 4 and 6)	1 822	2 051
	$ 7 654	$ 5 678

LIABILITIES & EQUITY

	2008	2007
Current		
Accounts payable and accrued liabilities	$ 2 006	$ 977
Due to the Government of the Yukon (Note 5)	3 016	1 929
Deferred revenue	76	88
	5 098	2 994
Non-pension benefit liability (Note 8)	734	633
	5 832	3 627
Equity (Note 6)	1 822	2 051
	$ 7 654	$ 5 678

Commitments and contingencies (Note 9)

The accompanying notes are an integral part of the financial statements.

Approved by Management:

President

Director, Shared Services, Finance, Systems & Admin

YUKON LIQUOR CORPORATION
STATEMENT OF INCOME, COMPREHENSIVE INCOME AND EQUITY
for the year ended March 31

	2008	2007
	(in thousands)	
Sales		
Beer	$ 14 357	$ 13 234
Spirits	8 497	7 571
Wine	4 721	4 315
	27 575	25 120
Cost of goods sold	14 026	12 577
Gross profit	13 549	12 543
Expenses		
Salaries and benefits	3 720	3 364
Rent, utilities and maintenance	1 612	1 445
Shared corporate services costs (note 7d)	978	898
Services provided to Government of Yukon without charge (note 7c)	474	452
Amortization	438	394
Bank expenses	272	252
General and office supplies	206	160
Travel and communications	186	222
Other	178	110
	8 064	7 297
Operating income	5 485	5 246
Other income		
Fees, permits and licences	112	112
Miscellaneous	7	10
Services received from Government of Yukon without charge (note 7c)	557	551
	676	673
Net income and comprehensive income (note 4 and 6)	$ 6 161	$ 5 919
Equity, beginning of year	$ 2 051	$ 2 374
Funds repayable to Government of Yukon	(6 161)	(5 919)
Add: property, plant and equipment additions	209	71
Less: amortization	(438)	(394)
Equity, end of year (note 6)	$ 1 822	$ 2 051

The accompanying notes are an integral part of the financial statements.

YUKON LIQUOR CORPORATION
STATEMENT OF CASH FLOWS
for the year ended March 31

	2008	2007
	(in thousands)	
Operating activities		
Cash receipts:		
Sales - spirits, wine and beer	$ 27 575	$ 25 119
Annual licence fees and other	110	98
Cash disbursements:		
Purchases	(14 539)	(12 387)
Salary, wages and benefits	(4 120)	(3 759)
General and administrative expenses	(1 329)	(3 214)
Net cash available from operating activities	7 697	5 857
Investing activities		
Cash disbursements:		
Acquisition of property, plant and equipment	(209)	(71)
Net cash used in investing activities	(209)	(71)
Financing activities		
Cash disbursements:		
Remittance of income to the Government of the Yukon	(5 793)	(5 041)
Net cash used in financing activities	(5 793)	(5 041)
Increase in cash for the year	1 695	745
Cash, beginning of year	1 409	664
Cash, end of year	$ 3 104	$ 1 409

The accompanying notes are an integral part of the financial statements.

1. Authority and Operations

The Corporation, established in 1977 under the *Liquor Act*, is responsible for the purchase, distribution and sale of liquor within the Yukon. It is responsible for controlling the sale of liquor through licensed outlets and enforcing all matters related to the *Act*.

In accordance with the *Liquor Act*, the net income for the year, before amortization, less amounts expended on property, plant and equipment, is remitted to the Government of the Yukon on a monthly basis.

The Corporation is required by the *Liquor Tax Act* to collect liquor taxes on behalf of the Government of the Yukon and to remit these taxes on a monthly basis. The current rate is 12%, and is applied to all selling prices.

In accordance with the provisions of the *Beverage Container Regulations* under the *Environment Act*, the Corporation collects various beverage container deposits and recycling surcharges on the sale of its products. These amounts are remitted to the Recycling Fund on a monthly basis after deducting deposit refunds paid and fees earned under the program.

As a territorial corporation of the Yukon Government, the Corporation is exempt from income taxes under Section 149(1)(d) of the *Canadian Income Tax Act*.

2. Change in Accounting Policy

Effective April 1, 2007, the Corporation adopted the Canadian Institute of Chartered Accountants' new recommendations for the recognition and measurement of financial instruments, and amendments to the existing presentation and disclosure standards. CICA 3855 Financial Instruments – Recognition and Measurement established standards for recognizing and measuring financial assets, financial liabilities and derivatives. CICA 3861 Financial Instruments Disclosures and Presentation discusses the presentation and disclosure of these items. CICA 1530 Comprehensive Income introduces Comprehensive Income which consists of Net income and Other Comprehensive Income. Other comprehensive income represents the change in net assets during the period arising from transactions and other events with non-owner sources and includes unrealized gains and losses on financial assets classified as available-for-sale.

These sections were adopted prospectively without prior period restatement.

Upon adoption of Section 3855, the Corporation continues to measure its loans and receivables and other financial liabilities at their amortized costs. Accounts receivable, accounts payable and accrued liabilities and the amount due to the Government of the Yukon are incurred in the normal course of business. All are due on demand and are non-interest bearing. The carrying amounts of each approximate fair values because of their short maturity.

Fair Values of Financial Instruments

The Corporation's financial instruments consist of Cash, Accounts Receivable, Accounts Payable and Due to the Government of Yukon. In the prior year, these financial instruments were carried at cost. In the current year, with the adoption of the financial instruments reporting standards (Note 3) these financial instruments are account for as follows:

Held-for-trading

The Corporation has designated the following financial asset on initial recognition as held-for-trading: Cash. This instrument is recognized at its fair value.

2. Change in Accounting Policy (continued)

Loans and receivables

The Corporation has classified the following financial asset as loans and receivables: Accounts Receivable. This instrument is initially recognized at its fair value. Fair value is approximated by the instruments initial cost in a transaction between unrelated parties. Loans and receivables are subsequently measured at its amortized cost, using the effective interest method. Gains and losses arising from changes in fair value are recognized in net income when the loan or receivable is settled or upon impairment.

Other financial liabilities

The Corporation has classified the following financial liabilities as other financial liabilities: Accounts Payable and Due to the Government of Yukon. These instruments are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Other financial liabilities are subsequently measured at their amortized cost, using the effective interest method. Gains and losses arising from changes in fair value are recognized in net income when the liability has been settled or upon impairment.

3. Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are as follows:

Inventories
Inventories are comprised of alcoholic beverages for resale and are valued at the lower of landed cost at Whitehorse, or market as per Section 3030 of the CICA handbook.

Revenue recognition
Revenue is recognized when the sale of products is made to customers.

Expense recognition
Expenses are recognized as incurred, on an accrual basis, in the period to which they relate.

Amortization
Amortization of property, plant and equipment owned by the Corporation is calculated on a straight-line basis and is based on the estimated useful lives of the assets as follows:

Buildings	20 years
Furniture and office equipment	5 years
Equipment	5 years
Systems equipment and software	5 years
Leasehold improvements	4 years or remaining term of lease

Employee future benefits
Non-pension benefits
Under the conditions of employment, employees may qualify and earn employment benefits for vacation, sick, compensatory and personal leave, travel bonus, and severance benefits. The benefit obligation was determined on an actuarial basis. The costs of these benefits are accrued as employees render the services required to earn them. The obligation for vacation leave, sick leave, and severance benefits were calculated using the projected benefit method pro-rated on service. The remainder was calculated assuming all employees would receive the benefits on valuation date.

3. Accounting Policies (continued)

Pension benefits

All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Corporation's contribution to the Plan reflects the full cost of the employer contributions. This amount is currently based on a multiple of the employee's required contributions, and may change from time to time depending on the experience of the Plan. These contributions represent the total pension obligations of the Corporation and are expensed during the year in which the services are rendered. The Corporation is not currently required to make contributions with respect to any actuarial deficiencies of the Public Service Pension Plan.

Services provided without charge

The Corporation records in the Statement of Income, Comprehensive Income and Equity services it receives or provides without charge to the Government of Yukon in the normal course of operations, at carrying amount. These services include the following:

- services, primarily accommodation, provided by the Government of the Yukon;
- services provided by the Corporation to the Government in its capacity of Territorial Agent in localities outside of Whitehorse.

Use of estimates

The preparation of the financial statements in accordance with Canadian generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting year. Estimates are used when accounting for matters such as amortization and non-pension benefit liability. Actual results could differ materially from these estimates.

Future Accounting Polices – Financial Instrument Disclosures and Capital Disclosures

As of April 1, 2008, the Corporation will be required to adopt Section 1535, Capital Disclosures, Section 3862, Financial Instruments – disclosures, Section 3863, Financial Instruments – Presentation, and Section 3031, Inventories. For Section 1535, the Corporation will need to disclose information regarding its objectives, policies and processes for managing capital. For Sections 3862 and 3863, the Corporation is not expecting any significant impacts on its financial statement disclosure because it does not hold complex financial instruments. For Section 3031, the Corporation will need to disclose additional information on its inventories regarding accounting policies used, carrying amounts, amounts recognized as expenses, write-downs, and the amount of any reversal of any write-downs recognized as a reduction in expenses.

4. Property, Plant and Equipment

Property, plant and equipment purchased by the Corporation after March 31, 1990 are as follows:

	2008			2007
	Cost	Accumulated Amortization	Net book Value	Net book Value
		(in thousands)		
Land	$ 202	$ -	$ 202	$ 202
Buildings	4,790	3,636	1,154	1,377
Furniture and office equipment	116	87	29	7
Equipment	375	322	53	44
Systems equipment and software	688	327	361	341
Leasehold improvements	357	334	23	80
	$ 6,528	$ 4,706	$ 1,822	$ 2,051

5. Due to the Government of the Yukon

	2008	2007
	(in thousands)	
Reimbursements due for salaries to employees, shared services costs, and other costs paid on behalf of the Corporation(Note 7d)	598	368
Adjusted net income (Note 7a)	1,890	1,293
Liquor tax (Note 7b)	455	198
Net remittances due to the Recycling Fund	73	70
Net due at the end of the year	$ 3,016	$ 1,929

In accordance with the provisions of the *Beverage Container Regulations* under the *Environmental Act*, the Corporation collects various beverage container deposits and recycling surcharges on the sale of its products. These amounts are remitted to the Recycling Fund payable to the Government of Yukon on a monthly basis after deducting deposit refunds paid and fees earned under the program.

6. Equity

This amount represents the sum of the net book value of property, plant and equipment purchased by the Corporation after March 31, 1990, $1,822,000 (2007 - $2,051,000) which the Government of the Yukon has provided to the Yukon Liquor Corporation. The annual change in equity represents additions and disposals of property, plant and equipment less amortization expense for the year.

7. Related party transactions

a) Adjusted Net Income

Calculation of adjusted net income due to the Government of the Yukon for the year (Note 1):

	2008	2007
	(in thousands)	
Balance due at the beginning of the year	$ 1,293	$ 92
Net income	6,161	5,919
Capital expenditures	(209)	(71)
Property, plant and equipment amortization	438	394
Disposal of land	-	-
Adjusted net income due to the Government of the Yukon	6,390	6,242
Less: remitted during the year	(5,793)	(5,041)
Balance due at the end of the year	$ 1,890	$ 1,293

b) Liquor tax

Liquor tax collected and due to the Government of the Yukon for the year (Note 1):

	2008	2007
	(in thousands)	
Balance due at the beginning of the year	$ 198	$ 23
Liquor tax collected during the year	3,311	3,022
Less: remitted during the year	(3,054)	(2,847)
Balance due at the end of the year	$ 455	$ 198

c) Other transactions

The value of services provided without charge by the Government of the Yukon to the Corporation is estimated to be $557,464 (2007 - $551,357). The value of services provided without charge by the Corporation to the Government is estimated to be $474,454 (2007 - $452,201). These transactions are included in the financial statements of the Corporation.

The employees of the Corporation are paid by the Government of the Yukon. The Corporation reimburses the Government on a monthly basis for salaries and benefits expenses paid.

The Corporation recognizes services received from and provided to the Government of Yukon at carrying amount. Recording the value of services provided without charge both by and to the Government recognizes and discloses the full cost of operations of the Corporation.

There is no effect on the 2008 net operating results of the Corporation as a result of this policy. However, individual financial statement items are affected as follows:

7. Related party transactions (continued)

	2008	2007
Other income – Government of Yukon – services provided without charge: increased	$ (557,464)	$ (551,357)
Other income – Less: services provided to Government of Yukon without charge: decreased	474,454	452,201
Expenses – Salaries and benefits: decreased	(416,419)	(394,414)
Expenses – Rent, utilities and maintenance: increased	488,616	483,079
Expenses – Travel and communications: decreased	(4,167)	(4,403)
Expenses – General and office supplies: increased	14,980	14,894
Total	$ 0	$ 0

d) **Shared services costs**

The Corporation is part of a Shared Services arrangement with two other government organizations which consolidates functions such as finance and administration, policy and human resources services. The amount charged by the Government of the Yukon to the Corporation for shared services for the year was $977,892 (2007 - $897,607). These transactions are in the normal course of operations and are measured at the carrying amount, which is the amount of consideration established and agreed to by the related parties.

8. Employee future benefits

Pension Plan

The Corporation and all eligible employees contribute to the Public Service Pension Plan. This pension plan provides benefits based on years of service and average earnings at retirement. The benefits are fully indexed to the increase in the Consumer Price Index. Contributions during the year were as follows:

	2008	2007
	(in thousands)	
Corporation's Contributions	$304	$264
Employees' Contributions	150	124

Non-pension benefits

The Corporation provides non-pension benefits to its employees based on years of service and final salary. This benefit plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. Extended health care and insurance plan employee future benefit liabilities are paid by and accrued in the financial statements of the Government of Yukon. The results measured at the balance sheet date are summarized as follows:

	2008	2007
	(in thousands)	
Accrued benefit obligation, beginning of year	$773	$698
Cost for the year	117	142
Benefits paid during the year	(9)	(67)
Accrued benefit obligation, end of year	$881	$773
Short-term portion (vacation)	$147	$139
Long-term portion	734	634
	$881	$773

8. Employee future benefits (continued)

The significant actuarial assumptions were:

Discount rate	5.75%	5.75%
Salary escalation rate	1.20% June 1, 07 1.80% Jan 1, 08 1.20% June 1, 08 1.80% Jan 1, 09 1.20% June 1, 09 2.5% per annum thereafter	2.50%

The most recent actuarial valuation made for this non-pension benefit plan was of April 1, 2007. The next required valuation would be as of March 31, 2010.

9. Commitments and contingencies

The Corporation has the following operating leases with commitments for annual rents of leased premises due as follows:

Fiscal	Whitehorse Store	Other Retail Stores	Total
2009	235,093	134,727	369,820
2010	235,093	134,727	369,820
2011	235,093	134,727	369,820
2012	19,591	68,775	88,366
2013		51,581	51,581
Total	$ 724,870	$ 524,537	$ 1,249,407

The Corporation's buildings are self insured with the Government of Yukon.

In the normal course of operations, the Corporation is subject to legal claims and possible claims and no provision for any claim is included in these financial statements.

YUKON GOVERNMENT FUND LIMITED

FINANCIAL STATEMENTS

December 31, 2007

(audited)

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Management Responsibility Statement

The management of Yukon Government Fund Limited is responsible for preparing the financial statements, the notes to the financial statements and other financial information contained in this annual report.

Management prepares the financial statements in accordance with Canadian generally accepted accounting principles. The financial statements are considered by management to present fairly the management's financial position and results of operations.

Management, in fulfilling its responsibilities, has developed and maintains a system of internal accounting controls designed to provide reasonable assurance that management assets are safeguarded from loss or unauthorized use, and that the records are reliable for preparing the financial statements.

The financial statements have been reported on by MacKay LLP, Chartered Accountants, the shareholders' auditors. Their report outlines the scope of their examination and their opinion on the financial statements.

David Higan

Managing Director

CHARTERED
ACCOUNTANTS

MacKay LLP

mackay.ca

Auditors' Report

To the Directors of
Yukon Government Fund Limited

We have audited the balance sheet of Yukon Government Fund Limited as at December 31, 2007 and the statements of operations, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Whitehorse, Canada

May 30, 2008

MacKay LLP

Chartered Accountants

Yukon Government Fund Limited

Balance Sheet

December 31,	2007	2006
Assets		
Current		
Cash	$ 1,444,193	$ 2,461,797
Interest receivable (note 3)	-	7,737
Current portion of due from 19596 Yukon Inc. (note 3)	-	1,225,000
	$ 1,444,193	$ 3,694,534
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 4,863	$ 53,122
Due to Government of Yukon (note 5)	116,054	116,054
Current portion of due to investors (note 6)	-	2,000,000
	120,917	2,169,176
Due to investors (note 6)	-	250,000
	120,917	2,419,176
Shareholder's Equity		
Share capital (note 7)	100	100
Retained earnings	1,323,176	1,275,258
	1,323,276	1,275,358
	$ 1,444,193	$ 3,694,534

Approved by the board:

Director

Director

Yukon Government Fund Limited

Statement of Operations

For the year ended December 31,		2007		2006
Revenue	$	63,507	$	352,998
Expenses				
Amortization of deferred costs and distribution fees (note 4)		-		28,000
Bank charges and interest		60		25
Interest		7,370		101,877
Professional fees		5,944		6,873
Reporting fees		2,215		30,563
		15,589		167,338
Net income	$	47,918	$	185,660

Yukon Government Fund Limited

Statement of Retained Earnings

For the year ended December 31,		2007		2006
Retained earnings, beginning of year	$	**1,275,258**	$	1,089,598
Net income		**47,918**		185,660
Retained earnings, end of year	$	**1,323,176**	$	1,275,258

Yukon Government Fund Limited

Statement of Cash Flows

For the year ended December 31,	2007	2006
Cash provided by (used for)		
Operating activities		
Net income	$ 47,918	$ 185,660
Item not affecting cash		
Amortization of deferred costs and distribution fees (note 4)	-	28,000
	47,918	213,660
Change in non-cash working capital items		
Decrease in interest receivable	7,737	47,268
Increase (decrease) in accounts payable and accrued liabilities	(48,259)	40,566
	7,396	301,494
Financing activity		
Decrease in due to investors	(2,250,000)	(7,750,000)
Investing activity		
Decrease in due from 19596 Yukon Inc.	1,225,000	5,775,000
Decrease in cash	(1,017,604)	(1,673,506)
Cash, beginning of year	2,461,797	4,135,303
Cash, end of year	$ 1,444,193	$ 2,461,797
Supplemental cash flow information		
The company had the following cash transactions:		
Interest paid	$ 7,370	$ 101,877
Interest received	71,244	400,265

1. Nature of operations

Yukon Government Fund Limited ("The Company") is incorporated under the Business Corporations Act (Yukon). The Company is wholly owned by the Government of the Yukon ("the Government").

The Company is a Government administered venture capital fund pursuant to the Immigration Regulations, 1978 (Canada) as amended ("the Regulations"). Under the Regulations, the purpose of the Company is to invest in the active business operations of at least two eligible businesses.

The Company provides loan and equity capital to establish, expand, purchase, maintain or revitalize business or commercial ventures in the Yukon Territory which comply with the Regulations and are of significant economic benefit to the Yukon Territory, including creation or continuation of employment opportunities for Canadian citizens or permanent residents other than the investor and his/her dependants.

2. Significant accounting policies

The following is a summary of the significant accounting policies used by management in the preparation of these financial statements.

(a) Accounting Changes

Effective January 1, 2007, the Company implemented the new CICA Handbook Section 1506 "accounting changes". Under these new recommendations, voluntary changes in accounting policy are permitted only when they result in the financial statements providing reliable and more relevant information. This section requires changes in accounting policy to be applied retrospectively unless doing so is impracticable, requires prior period errors to be corrected retrospectively and requires enhanced disclosures about the effects of change in accounting policies, estimates and error on the financial statements.

These recommendations also require the disclosure of new primary sources of generally accepted accounting principles that have been issued that the company has not adopted because they are not yet effective.

The impact of the adoption of this Section will have on the Company's financial statements will depend on the nature of future accounting changes.

(b) Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

(c) Revenue recognition

Interest income is recognized as revenue in the year in which accrued under the terms of the investment contracts.

2. Significant accounting policies (continued)

(d) Income taxes

The Company is wholly owned by the Yukon Government and is therefore exempt from income taxes.

(e) Financial instruments

All significant financial assets, financial liabilities and equity instruments of the company are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk. Where practicable the fair values of financial assets and financial liabilities have been determined and disclosed; otherwise only available information pertinent to fair value has been disclosed.

3. Due from 19596 Yukon Inc.

No interest receivable (2006 - $7,737) from 19596 Yukon Inc., a company with common significant influence at the year end. During the year, the company recorded interest revenue of $2,326 (2006 - $247,557) from 19596 Yukon Inc. At December 31, 2007, 19596 Yukon Inc. has no amount owing (2006 - $1,225,000).

	2007	2006
Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually not in advance, receivable monthly. Receivable 60 months after advance, maturing January 10, 2007. Evidenced by promissory note.	$ -	$ 1,225,000
Less current portion	-	1,225,000
	$ -	$ -

4. Deferred distribution fees

Legal fees and other expenditures related to the incorporation and issuance of the Confidential Offering Memorandum have been deferred and have been amortized over 5 years, the initial term of the investments. The Government has advanced funds to cover these expenses. A portion of the proceeds of the offering will be used to repay the Government. Distribution fees of 8% of the subscription proceeds have been deferred and amortized over the terms of the investments (5 years).

			2007	2006
	Cost	**Accumulated Amortization**	**Net book value**	Net book value
Deferred distribution fees	**$ 1,200,000**	**$ 1,200,000**	**$ -**	$ -
Deferred costs	**118,220**	**118,220**	**-**	-
	$ 1,318,220	**$ 1,318,220**	**$ -**	$ -

5. Due to the Government of Yukon

The amount due to the shareholder is unsecured, bears no interest and is due on demand. Fair value cannot be readily determined.

	2007	2006
Due to the Government of Yukon	**$ 116,054**	$ 116,054

6. Due to investors

	2007	2006
Term loans from seven individual investors ($250,000 each) bearing interest at 2%, interest payable annually, repayable 180 days after maturity, maturing January 10, 2007.	**$ -**	$ 1,750,000
Term loans from one individual investor ($250,000 each) bearing interest at 2%, interest payable annually, repayable 180 days after maturity, maturing July 30, 2007.	**-**	250,000
Term loans from one individual investor ($250,000 each) bearing interest at 2%, interest payable annually, repayable 180 days after maturity, maturing July 15, 2008.	**-**	250,000
	-	2,250,000
Less current portion	**-**	2,000,000
	$ -	$ 250,000

7. Share capital

		2007	2006
Authorized			
Unlimited number of shares without nominal or par value			
Issued			
- 100 common shares	$	100	$ 100

No dividends, share repurchases or return of capital shall be paid at any time when the Company has outstanding debt obligations to investors. Subject to this restriction, the holders of shares shall have all the rights of a shareholder under the Business Corporations Act, including the right to vote. No shares shall be transferred without the prior consent of the Government.

8. Recent accounting pronouncements

Recently the Canadian Institute of Chartered Accountants approved new accounting recommendations which have not yet come into effect. The following is a summary of the new recommendations:

Financial instruments

In January 2005, the Canadian Institute of Chartered Accountants issued new recommendations for the recognition and measurement of financial instruments, and amendments to the existing presentation and disclosure standards, effective for annual financial statements with fiscal years beginning on or after October 1, 2006 for publicly accountable entities and on or after October 1, 2007 for non-publicly accountable entities. Section 3855 Financial Instruments – Recognition and Measurement establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. Section 3861 Financial Instruments – Disclosure and Presentation discusses the presentation and disclosure of these items. The application of hedge accounting is covered in Section 3865 Hedges. Section 1530 Comprehensive Income establishes standards for reporting and displaying certain gains and losses, such as unrealized gains and losses related to hedges or other derivative instruments, outside of net income, in a statement of comprehensive income. Section 3251 Equity establishes standards for the presentation of equity and changes in equity, including changes arising from those items recorded in comprehensive income. There have also been numerous consequential amendments made to other Sections including those listed below. The company will be applying these new recommendations for its audited or review financial statement dated 2007. Transitional provisions are complex and vary based on the type of financial instruments under consideration. Therefore, the company has not yet determined the effect of these new standards on its financial statements.

Going concern

For fiscal years beginning on or after January 1, 2008 the Canadian Institute of Chartered Accountants issued recommendations for assessing and disclosing an entity's ability to continue as a going concern. Section 1400 (which was announced in June 2007) requires management to assess their ability to continue to as a going concern.

Capital disclosures

In December 2006, the CICA issued Handbook section 1535 "Capital disclosures" which is effective for years beginning on or after October 1, 2007. The section specifies the disclosure of (i) an enitity's objectives, policies, and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with an capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. This new Section relates to disclosures and did not have an impact on the Company's financial results

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COMPENSATION FUND (YUKON)

FINANCIAL STATEMENTS

December 31, 2007

(audited)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The management of the Yukon Workers' Compensation Health and Safety Board (the board) is responsible for establishing and maintaining a system of books, records, internal controls and management practices designed to provide reasonable assurance that reliable financial information is produced; Compensation Fund assets are safeguarded and controlled; transactions of the Compensation Fund are in accordance with relevant legislation, regulations and board policies; and that the board resources are managed efficiently and economically and the operations of the board are carried out effectively.

Management is also responsible for the integrity and objectivity of the financial statements of the Compensation Fund. The financial statements as at December 31, 2007, which include amounts based on management's best estimates as determined through experience and judgement, are in accordance with Canadian generally accepted accounting principles. Other financial information included in the Annual Report is consistent with these financial statements.

Members of the Board of Directors (the Board) are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board exercises its responsibilities through the Finance, Investment, and Audit Committee. The Finance, Investment, and Audit Committee meets with management and the external auditors on a regular basis. The Committee has reviewed the financial statements and has submitted its report to the Board, which has approved these financial statements.

The Auditor General of Canada conducts an independent audit for the purpose of expressing her opinion on the financial statements. She also considers whether the transactions that come to her notice in the course of the audit are, in all significant respects, in accordance with specified legislation.

Morneau Sobeco, an independent consulting actuarial firm, has completed an actuarial valuation of the benefits liability included in the financial statements of the Compensation Fund and reported thereon in accordance with accepted actuarial practice.

Valerie Royle, BComm (Hons), MBA President and Chief Executive Officer	Jim Stephens, CMA, CGA Vice President, Operations and Chief Financial Officer

May 15, 2008

Actuarial Certification

With respect to the *Workers' Compensation Act* of the Yukon Territory, I state that in my opinion:

1. The total actuarial liability as at December 31, 2007 for benefit payments of all types expected to be made after December 31, 2007 in respect of accidents of 2007 and prior years amounts to $112,488,000. This liability includes future administrative expenses for all benefits with the exception of Annuity benefits payable at age 65. It does not include any self-insured employers. A provision for future claims arising from latent occupational diseases was not included in this valuation.
2. The liability as at December 31, 2007 for Annuity contributions and interest already set aside by the board up to December 31, 2007 for purposes of providing pension benefits at age 65 to injured workers and dependent spouses of deceased workers is included in item 1 above and was obtained from the board's Finance Division staff.
3. The total actuarial liability in item 1 above is inclusive of legislative changes proposed under Bill 52, An Act to amend the *Workers' Compensation Act* of the Yukon Territory. The legislative changes have been reflected to the extent that they would impact accidents which occurred on or prior to December 31, 2007.
4. The data on which the valuation is based were provided by the board. We applied such checks of reasonableness of the data as we considered appropriate, and have concluded that the data are sufficient and reliable to permit a realistic valuation of the liabilities of the board as described above.
5. The actuarial assumptions adopted in computing the foregoing liabilities are adequate and appropriate for Workers' Compensation organizations in Canada. The methods employed are in accordance with accepted actuarial practice for Workers' Compensation organizations in Canada. The economic assumptions adopted for purposes of computing the above-noted liabilities are consistent with the funding and investment policies of the board.
6. The valuation report has been prepared and my opinion has been given in accordance with accepted actuarial practice for Workers' Compensation organizations in Canada.

Details of the data, actuarial assumptions and valuation methods are set out in the actuarial report as at December 31, 2007, of which this statement of opinion forms part.

Conrad Ferguson, F.S.A., F.C.I.A.

Partner, Morneau Sobeco

Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Minister responsible for the Compensation Fund

I have audited the balance sheet of the Compensation Fund as at December 31, 2007 and the statements of operations and comprehensive income, reserves, and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Compensation Fund as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Workers' Compensation Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year

Further, in my opinion, proper books of account have been kept and the financial statements are in agreement therewith. In addition, the transactions of the Fund that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Workers' Compensation Act* and regulations, the *Occupational Health and Safety Act* and regulations and the *Financial Administration Act* and regulations.

Sheila Fraser

Sheila Fraser, FCA
Auditor General of Canada

Vancouver, Canada
April 25, 2008, except as to Notes 6 and 14 which are as of May 15, 2008

Compensation Fund
Balance Sheet
As at December 31

	2007 ($000s)	2006 ($000s)
ASSETS		
Accounts receivable (note 3)	$ 3,137	$ 3,233
Investments (note 4)	134,651	139,082
Property and equipment (note 5)	6,802	6,461
	$ 144,590	$ 148,776
LIABILITIES AND RESERVES		
Bank overdraft (note 9)	$ 2,913	$ 1,743
Accounts payable and accrued liabilities (note 3)	3,632	3,505
Benefits liability (note 6)	112,488	110,731
Accrued employee benefits (note 8)	968	1,587
	120,001	117,566
Reserves (note 7)	24,589	31,210
	$ 144,590	$ 148,776

Commitments and Contingencies (notes 10 and 13)

The accompanying notes are an integral part of these financial statements.

Approved by the Yukon Workers' Compensation Health and Safety Board

Craig Tuton
Chair

Compensation Fund

Statement of Operations and Comprehensive Income
For the year ended December 31

	2007 ($000s)	2006 ($000s)
Revenue		
Assessments	$ 22,491	$ 16,534
Investment (note 4)	(2,958)	15,424
Recoveries and other receipts	978	1,992
	20,511	33,950
Expenses		
Claims expenses (note 6)	17,125	21,390
Administration (note 11)		
General and Administration	7,015	6,938
Occupational Health and Safety	1,312	1,422
Workers' Advocate	312	381
Appeal Tribunal	135	167
Act Review	26	81
Prevention (note 12)	1,207	536
	27,132	30,915
Operating (deficit) surplus and Comprehensive income	(6,621)	3,035

The accompanying notes are an integral part of these financial statements.

Compensation Fund
Statement of Reserves
For the year ended December 31

	2007 ($000s)	2006 ($000s)
PREVENTION FUND		
Balance, beginning of year	4,733	5,000
Charges to fund	(935)	(267)
Balance, end of year (note 7)	3,798	4,733
RATE TRANSITION FUND		
Balance, beginning of year	-	1,922
Charges to fund	-	(1,922)
Balance, end of year (note 7)	-	-
ADVERSE EVENTS RESERVE		
Balance, beginning of year	16,380	16,380
Balance, end of year (note 7)	16,380	16,380
STABILIZATION RESERVE		
Balance, beginning of year	10,097	4,873
Operating (deficit) surplus	(6,621)	3,035
Amount charged to Rate Transition fund	-	1,922
Amount charged to Prevention fund	935	267
Balance, end of year (note 7)	4,411	10,097

The accompanying notes are an integral part of these financial statements.

Compensation Fund
Statement of Cash Flows
For the year ended December 31

	2007 ($000s)	2006 ($000s)
Cash flows from operating activities		
Cash received from:		
Employers, for assessments	$ 21,834	$ 15,816
Investment revenue - net	6,545	4,919
Recoveries and other receipts	2,036	1,109
	30,415	21,844
Cash paid to:		
Claimants or third parties on their behalf	(15,368)	(15,854)
Employees, for salaries and benefits	(6,694)	(5,569)
Suppliers, for administrative and other goods and services	(3,272)	(3,038)
	(25,334)	(24,461)
Cash provided by (used in) operating activities	5,081	(2,617)
Cash flows from investing activities		
Proceeds on sales and maturities of investments	55,765	62,027
Purchases of investments	(61,010)	(56,182)
Purchases of property and equipment	(1,006)	(2,461)
Cash (used in) provided by investing activities	(6,251)	3,384
Net (decrease) increase in cash	(1,170)	767
Bank overdraft, beginning of year	(1,743)	(2,510)
Bank overdraft, end of year	$ (2,913)	$ (1,743)

The accompanying notes are an integral part of these financial statements.

1. Nature of Operations

The Compensation Fund (the Fund) was established by the *Workers' Compensation Act* and is administered by the Yukon Workers' Compensation Health and Safety Board (the board) pursuant to the Act. The Fund, as administered by the board, provides compensation for injury or death by accident arising out of and in the course of employment. Annual assessments are levied upon employers by applying their industry assessment rate to their actual or estimated payrolls for the year. The assessment and investment revenue pays for all claims, administration and prevention expenses. In 1992, the board was made responsible for the administration of the *Occupational Health and Safety Act* and regulations to advance strategies for preventing workplace injuries in the territory.

2. Significant Accounting Policies

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The significant accounting policies are summarized as follows:

(a) Benefits liability

The benefits liability is determined annually and represents the actuarial present value of all future benefit payments expected to be made for claims which have occurred in the current fiscal year or in any prior year. The benefits liability includes a provision for future payments on claims that have not been finalized to date. It also includes a provision for all benefits provided by current legislation, policies and administrative practices in respect of existing claims as well as future claims management costs. No provision has been made for claims related to known latent occupational diseases where the claim has not yet been reported and the year of disablement would be in a subsequent period (note 13).

The benefits liability is comprised of three liabilities for medical aid and compensation, pension, and annuity:

> Medical aid and compensation includes benefits for medical aid, compensation for loss of earnings and personal property, lump sum payments for permanent impairment, rehabilitation assistance, emergency transportation, traditional aboriginal healing, and death and funeral expenses.
>
> The pension liability includes monthly pension benefits indexed annually that are paid to spouses, dependent children and guardians of dependent children of those who die from a work-related injury.
>
> The annuity liability is for workers who have received compensation for the same disability for at least 24 months. An amount equal to ten percent of the total compensation payments, plus interest, is set aside to provide a retirement annuity at sixty-five years of age.

(b) Investments

Pursuant to CICA Handbook Section 3855, *Financial Instruments – Recognition and Measurement*, the board has elected to designate all investments as held for trading. Consequently, investments are recorded at fair value. The fair value of publicly traded investments is the quoted market prices. Pooled fund units are valued at their year-end net asset value, as determined by the fund manager. Purchases and sales of investments are recognized on the trade date. Cash on account and short-term investments held by the investment managers for investment purposes are included in Investments.

Realized gains and losses, arising on the sale of investments, are recognized in investment income in the period earned. Unrealized gains and losses, arising from fluctuations in fair value, are recognized in investment income in the period in which they arise. Investment income arising from dividends and interest is recognized in the period earned. Investment income is presented net of investment expenses.

Investments denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the end of the year. Revenue from investments is translated at the rate in effect at the time it is earned. Exchange gains and losses resulting from the translation of foreign currency balances and transactions are recognized in investment income in the period in which they arise.

In adopting the standard for financial instruments the board is required to adopt CICA Handbook Section 3865, *Hedges*. This standard does not have an impact on the financial statements because the board does not engage in the types of transactions addressed by this section.

The board has also adopted CICA Handbook Section 1530, *Comprehensive Income*. This standard requires the presentation of Comprehensive Income, which consists of net earnings and other comprehensive income. As there is no other comprehensive income item to report in the Fund's financial statements, the board has decided to modify the title of the "Statement of Operations" to "Statement of Operations and Comprehensive Income", and modify the line "Operating surplus" to "Operating surplus and Comprehensive income".

(c) Assessments

Assessment revenue is calculated monthly on actual or estimated payrolls as reported by the employer, or on provisional assessments as determined by the board. Separate rates of assessment are established for each industry classification. At year end, assessments receivable and payable are adjusted based on the difference between estimated and actual payrolls. An allowance for doubtful accounts is provided for assessments receivable based on management's best estimate.

The board administers the Government of Yukon employees' compensation claims related to injuries prior to January 1, 1993 when the Government was a self-insured employer. The Fund receives reimbursement for the claim costs and related administrative expenses of those employees (note 9).

(d) Third party subrogated claims

In certain limited circumstances, under section 56 of the *Workers' Compensation Act*, the board is deemed to be an assignee of a cause of action in respect of a claimant's disability. The claimant receives 25% of any settlement received after deducting all the costs of the action. This is over and above any future benefits entitlement. The remaining amount is used to offset future claims benefits, which were previously expensed in accordance with actuarial calculations, and which were previously incorporated in the benefits liability.

Revenue received from third party subrogated claims is recorded in the year the settlement occurs. No provision is made in the benefits liability for possible future subrogated recoveries because of their contingent nature.

(e) Property and equipment

Property and equipment is recorded at cost less accumulated amortization. Salaries, wages and benefits directly related to internally developed property and equipment are included in the asset's costs. Development costs capitalization will cease when the item is substantially complete and ready for use. The costs will be transferred to the related asset category and amortized. Amortization is calculated on the straight-line method, using rates based on the estimated useful life of the assets as follows:

Buildings	40 years
Furniture and equipment	5 to 10 years
Computer systems and equipment	5 to 10 years

(f) Employee future benefits

Pension Benefits
All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Fund's contribution to the Plan reflects the full cost of the employer contributions. This amount is currently based on a multiple of the employees' required contributions, and may change from time to time depending on the experience of the Plan. These contributions represent the total pension obligations of the Fund and are expensed during the year in which the services are rendered. The Fund is not currently required to make contributions with respect to any actuarial deficiencies of the Public Service Pension Plan.

Other Benefits
Under conditions of employment, employees may qualify and earn employment benefits for vacation, sick, long service, and severance benefits. The benefit obligation is determined on an actuarial basis. The liability for accrued employee benefits is based on the December 31, 2007 actuarial valuation as calculated by the board's actuary. The obligation for vacation leave, sick leave, and severance benefits are calculated using the projected benefit method prorated on service. The long service leave benefit is calculated assuming all employees receive the benefits on the valuation date.

(g) Government funding

In 2005 the Government of Yukon approved the reinstatement of ongoing funding for the Mine Rescue Program, which was transferred to the board in 1993, through an annual grant to the board, beginning in fiscal 2005. This funding is to be reviewed by the Government, at a minimum, every five years. The revenue is accounted for in Recoveries and other receipts in the period in which the related expenses are incurred (note 9).

(h) Use of Estimates

The preparation of the financial statements in accordance with the Canadian generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. This mainly affects claims expenses, benefits liability, accounts receivable and assessments revenue, useful life of property and equipment, accrued employee benefits and the reserves. Actual results could differ materially from these estimates.

(i) Future Accounting Changes

On December 1, 2006, the CICA issued three new accounting standards: Handbook Section 3862 *Financial Instruments – Disclosures;* Section 3863 *Financial Instruments – Presentation;* and Section 1535 *Capital Disclosures.* These standards apply to fiscal years beginning on or after October 1, 2007 and accordingly will be effective for the Fund on January 1, 2008. These sections are currently being assessed by management to determine the applicability and impact on the Fund's financial statements.

3. Accounts Receivable and Accounts Payable and Accrued Liabilities

	2007 ($000s)	2006 ($000s)
Receivable		
Assessments	$ 2,865	$ 1,903
Government of Yukon (note 9)	140	1,233
Other receivables	132	97
	$ 3,137	$ 3,233

	2007 ($000s)	2006 ($000s)
Payable		
Assessments	$ 988	$ 683
Government of Yukon (note 9)	1,579	2,032
Other payables and accrued liabilities	1,065	790
	$ 3,632	$ 3,505

The carrying value of accounts receivable and accounts payable and accrued liabilities approximates their fair value given their short term to maturity.

4. Investments and Investment Revenue

The Board of Directors has established a policy for the management of the investment process, utilizing external investment portfolio managers. The portfolio managers' compliance with this investment policy is monitored on a regular basis.

(a) Portfolio Investments

	2007 ($000s) Fair Value	2006 ($000s) Fair Value
Fixed-term securities		
Federal Bonds	$ 19,715	$ 22,955
Provincial Bonds	2,822	6,612
Corporate Bonds	39,161	30,453
	61,698	60,020
Equities		
Canadian	21,844	23,333
United States	21,145	25,120
International	27,018	28,317
	70,007	76,770
Other Investments		
Cash on account	99	211
Treasury Bills	1,758	1,463
Accrued interest receivable	1,148	681
	3,005	2,355
Investments, sub-total	134,710	139,145
Management fee accrual	(59)	(63)
	$ 134,651	$ 139,082

(b) Investment Revenue (Loss)

	2007 ($000s)	2006 ($000s)
Dividends and interest		
Bonds and short-term investments	$ 3,098	$ 3,021
Equities	3,895	2,395
	6,993	5,416
Gains and (losses) - net		
Realized gains in the year	989	1,387
Change in fair value in the year	(10,484)	9,084
	(2,502)	15,887
Investment management fees	(456)	(463)
	$ (2,958)	$ 15,424

(c) Investment Performance

The investments are managed by two independent investment managers. The rates of return on the investments for the year are as follows:

	2007	2006
Fixed-term securities	3.7%	4.1%
Canadian equities	6.9%	15.4%
United States equities	-13.6%	17.4%
International equities	-9.2%	26.5%

Treasury Bills earn interest at rates ranging from 0.440% to 0.786% (2006 – 0.996% to 1.275%) and mature within 90 days.

(d) Market Risk Management

Market risk is managed through diversification between different asset classes and limiting the concentration in any single portfolio or entity.

(e) Credit Risk Management

Credit risk on financial instruments arises from the possibility that the issuer of a fixed-term instrument fails to meet its obligations. To manage this risk, the board has determined that short-term investments must have a credit rating of at least R1L, and long-term investments require a rating of BBB or higher by the Dominion Bond Rating Service in order to be eligible for consideration as an investment. Diversification of credit risk is managed by limiting the exposure in a single private institution to 5% of the portfolio. The board has stayed within these guidelines during the year.

(f) Foreign Exchange Risk Management

The Fund has investments in equities denominated in foreign currencies. The board does not undertake long-term hedging strategies for the currency risk of foreign investments. The board undertakes long-term investment strategies. However, currency fluctuations may affect short-term returns. The fair value of the Fund's US dollar investments as at December 31, 2007 was $35,297,000 (2006 – $40,277,000). The Fund did not hold any investments in other foreign currencies at December 31, 2007 (2006 – nil).

(g) Interest Rate Risk Management

Fluctuations in interest rates can impact the fair value of the fixed-income portfolio, as well as shift investor preferences among asset classes. Interest rate risk is minimized by managing the duration of the fixed-term portfolio.

The fixed-term securities, at fair value, in thousands of dollars, mature as follows:

1 to 5 years	effective yield of 4.57%	$ 28,422	46%
6 to 10 years	effective yield of 4.86%	12,388	20%
greater than 10 years	effective yield of 4.53%	20,888	34%
		$ 61,698	100%

5. Property and Equipment

	2007 ($000s)			2006 ($000s)
	Cost	Accumulated Amortization	Net Carrying Value	Net Carrying Value
Land	$ 390	$ -	$ 390	$ 390
Buildings	3,626	(1,273)	2,353	2,164
Furniture and equipment	631	(533)	98	107
Computer systems and equipment	6,249	(2,448)	3,801	372
Systems development (1)	160	-	160	3,428
	$ 11,056	$ (4,254)	$ 6,802	$ 6,461

(1) As of December 31, 2007, costs of $160,000 (2006 – nil) for the CHOICES program were capitalized and will not be amortized until 2008 when the system is substantially complete and in use.

6. Benefits Liability

	2007 ($000s)				2006 ($000s)
	Medical Aid & Compensation	**Pension**	**Annuity**	**Total**	**Total**
Balance, beginning of year	$ 81,411	$ 23,156	$ 6,164	$ 110,731	$ 105,195
Add claims costs incurred:					
Current year injuries	14,369	-	-	14,369	13,907
Prior years' injuries [1]	1,632	962	162	2,756	7,483
	16,001	962	162	17,125	21,390
Less claims payments made:					
Current year injuries	2,025	-	-	2,025	3,063
Prior years' injuries	11,601	1,883	(141)	13,343	12,791
	13,626	1,883	(141)	15,368	15,854
Balance, end of year	$ 83,786	$ 22,235	$ 6,467	$ 112,488	$ 110,731

The key actuarial assumptions used to value the benefits liability as at December 31 are as follows:

	2007	2006
Discount rate for medical aid benefits	1.50%	1.50%
Discount rate for compensation benefits	4.00%	2.50%
Discount rate for rehabilitation [2]	n/a	3.50%
Discount rate for survivor and other pension benefits	4.00%	3.50%

The benefits liability was determined using accepted actuarial practice in accordance with standards established by the Canadian Institute of Actuaries. The actuarial present value of future benefits reflects management's long-term estimates of economic and actuarial assumptions and methods, which are based on past experience modified for current trends. As these assumptions may change over time to reflect underlying economic or legislated conditions, it is possible that such changes could cause a material change to the actuarial present value of future benefit payments. The fair value for the benefits liability is not practical to determine due to its long-term nature.

Significant changes in the benefits liability due to changes in legislation (note 14) and actuarial assumptions included the following:

	Increase (decrease) in benefits liability ($000s)
Change in provision for recovery from injury	$ 4,773
Adjustments to mortality factors	1,224
Favourable experience on actual termination of benefits	(1,249)
Legislative change - indexing of benefits	(5,645)
Legislative change - CPP disability benefits offset	(1,066)

(1) In 2005, the Board of Directors approved a policy to establish the circumstances in which the Fund will provide lump sum payments to workers as allowed under pre-1993 workers' compensation legislation.

The lump sum payment in lieu of future periodic compensation payments is considered settlement in full of all compensation entitlement in respect of the claim to age 65. The worker may be allowed to receive additional medical treatment.

When the lump sum is paid, an amount equal to 10 percent of the present value of the future loss of earnings compensation is transferred to the annuity account of the Fund to provide a retirement annuity at age 65. At the request of the worker, the annuity amount may be paid into an established superannuation plan.

During the year ended December 31, 2007, the board did not pay out any amounts on account of lump sum payments and Annuities (2006 – $2,022,000 and $317,000). As of December 31, 2007, there are applications outstanding for lump sum payments for a total of approximately $722,000 (2006 – $712,000).

(2) For 2007, the discount rate for rehabilitation is included in the determination of medical aid and compensation benefits liability.

7. Reserves

In 2005, the Board of Directors completed a review of the reserves structure and amended the funding policy, which provides for the establishment of two temporary funds (Prevention Fund and Rate Transition Fund) and two new reserves (Adverse Events Reserve and Stabilization Reserve). The reserves are established to protect the fully funded position of the Fund and to stabilize the effect of fluctuations in the employer assessment rates. The Fund is considered fully funded when there are sufficient funds for the payment of all present and future compensation, including the cost of administration. At the end of the fiscal year, once the benefits liability is determined, the remaining difference between the Fund's assets and liabilities is credited to reserves.

Under the current funding policy, the two temporary funds and two reserves are established as follows:

Temporary Funds:

(i) Prevention Fund

The Prevention Fund serves to provide funding for the start up costs of pre-selected accident prevention and workplace safety initiatives. It was initially established in 2005, with $5,000,000 and will not be replenished once depleted. In 2007, a total of $935,000 (2006 – $267,000) was incurred on accident prevention and workplace safety initiatives. At December 31, 2007, the Prevention Fund has a balance of $3,798,000 (2006 – $4,733,000).

(ii) Rate Transition Fund

The Rate Transition Fund, which was initially established at $6,500,000 and will not be replenished once depleted, was intended to provide temporary funding for the removal of employer assessment rate subsidies. At December 31, 2007, the Rate Transition Fund has a nil balance (2006 – nil).

Reserves:

(iii) Adverse Events Reserve

The Adverse Events Reserve is to provide funding for infrequent, unexpected adverse claims experience and catastrophic events to protect employers from sudden impact of the costs of these types of events. The target level for this reserve is $18,569,000 (2006 – $18,023,000), which has been set at 100 times the maximum wage rate plus 10 percent of the benefits liability and is calculated annually upon completion of the actuarial valuation of the benefits liability. Costs related to catastrophic and adverse events and latent occupational diseases are charged to this reserve; 2007 – nil, (2006 – nil). This reserve is limited to its target level. Funds in excess of the target level are transferred to the Stabilization Reserve; 2007 – nil (2006 – nil). At December 31, 2007, the Adverse Events Reserve has a balance of $16,380,000 (2006 – $16,380,000).

A funding deficiency exists when the reserve is below its target level; 2007 – $2,189,000 (2006 – $1,643,000). In the event of a charge against this reserve and when a funding deficiency exists, the following steps will be taken to replenish the reserve to its target level:

- Any recovery of the costs charged to this reserve will be added to this reserve, up to the target level.
- Any surplus in the Stabilization Reserve will be transferred to this reserve to replenish it up to the target level, if possible.
- If the transfer from the Stabilization Reserve is not sufficient to replenish this reserve to the target level, the reserve will be replenished by a special assessment premium surcharge based on an established schedule as outlined in the funding policy.
- In subsequent years, if a recovery or a surplus in the Stabilization Reserve becomes sufficient to replenish the reserve, any special assessment premium surcharge will be cancelled.

(iv) Stabilization Reserve

The Stabilization Reserve is to protect the fully funded position of the Fund and to stabilize the effect of fluctuations on employer assessment rates. The target level for this reserve is equal to 10 percent of the benefits liability; 2007 – $11,249,000 (2006 – $11,073,000). The operating range for this reserve is determined as the target level balance plus or minus 3.5 percent of the benefits liability. The annual operating surplus (deficit), 2007 – ($5,686,000) (2006 – $5,224,000), net of any amounts charged to the temporary funds and the Adverse Events Reserve, is transferred to this reserve. At December 31, 2007, the Stabilization Reserve has a balance of $4,411,000 (2006 – $10,097,000).

This reserve is considered to have a surplus when its balance exceeds the top of the operating range. Any surplus (determined as the difference between the reserve balance and its target level) is transferred to the Adverse Events Reserve, up to the target level if the latter reserve is below target. If the Adverse Events Reserve is at its target level and the balance of the Stabilization Reserve exceeds the upper threshold of the operating range, any surplus will be applied as an employer assessment premium rebate based on an established schedule as outlined in the funding policy.

A funding deficiency, 2007 – $6,838,000 (2006 – $976,000), exists when the reserve balance is below its target level. The amount of the deficiency is determined as the difference between the reserve balance and its target level. In the event that this reserve falls below the lower threshold of the operating range, 2007 – $7,312,000 (2006 – $7,198,000), the following steps will be taken:

- Any amounts in excess of the target level in the Adverse Events Reserve will be transferred to the Stabilization Reserve, up to the target level, if possible.
- Any remaining deficiency will be replenished up to the target level by a special assessment premium surcharge based on an established schedule as outlined in the funding policy.

8. Employee Future Benefits

(a) Public Service Pension Plan

Contributions made to the Public Service Pension Plan by the Fund and the employees for the year were as follows:

	2007 ($000s)	2006 ($000s)
Employees' contributions	$ 269	$ 242
Fund contributions	573	514

(b) Other Benefits

The liability for employee non-pension benefits, including vacation, sick, long service, and severance at December 31 was as follows:

	2007 ($000s)	2006 ($000s)
Accrued employee benefits, beginning of the year	$ 1,587	$ 1,470
Changes in Actuarial assumptions [1]	(723)	-
Costs for the year	268	334
Payments made during the year	(164)	(217)
Accrued employee benefits, end of the year	$ 968	$ 1,587

The key assumptions used to calculate the accrued employee benefits are a liability discount rate of 5.5% (2006 – 7%) and an annual rate of general escalation in wages of 3% (2006 – 3%).

[1] The valuation methodology and actuarial assumptions relating to the discount rate and attribution period were changed as of January 1, 2007, resulting in a reduction in the liability of $723,000.

9. Related Party Transactions

As a statutory Corporation of the Government of Yukon (the Government), the board is related to all Government departments, agencies and Government corporations. The board enters into transactions with these entities in the normal course of business and the transactions are recorded at the exchange amount, which approximates fair value. All mainframe computer software is owned by the Government. The board has access to the Government's overall line of credit facility with its banker. This access provides the board with overdraft coverage when needed. At December 31, 2007, there was no requirement for the Fund to pay interest on the overdraft.

The Compensation Fund paid the Government $951,000 (2006 – $668,000) for building maintenance, computer, office supplies, payroll processing, recruitment, vehicle and rehabilitation services. The Fund reimbursed the Government for payroll costs of $6,218,000 (2006 – $6,095,000).

The Government pays certain claims costs to the Compensation Fund for claims prior to 1993 (note 2c) and also reimburses the cost of supplementary benefits pursuant to the Yukon Workers' Compensation Supplementary Benefits Ordinance. Supplementary compensation benefits are granted, pursuant to the Yukon Workers' Compensation Supplementary Benefits Ordinance, to all persons receiving compensation on or after October 1, 1973 for accidents prior to that date. Compensation is increased to the amount that would have been granted had the accident occurred after the Act came into force. The cost of these benefits is recovered from the Yukon Consolidated Revenue Fund.

Effective January 1, 1993, all Government employees were covered by the Fund. Revenues and recoveries from the Government of Yukon for the years ended December 31 are as follows:

	2007 ($000s)	2006 ($000s)
Assessments	$ 4,951	$ 4,671
Pre-93 claims costs	$ 170	$ 1,284
Supplementary compensation benefits	$ 402	$ 379
Recoveries and other receipts	$ 373	$ 330

As at December 31, balances due to and from related parties are as follows:

	2007 ($000s)	2006 ($000s)
Due to Government of Yukon (note 3)	$ 1,579	$ 2,032
Due from Government of Yukon - Recoveries (note 3)	$ 140	$ 1,233
Due from Government of Yukon - Assessments	$ 590	$ 249

10. Commitments

The board has commitments for computer software development and maintenance fees, professional legal and medical services, contribution agreements, Prevention Fund agreements and office leases for the next five years and thereafter, in thousands of dollars, as follows:

	Computer software	Professional Services Contracts	Contribution Agreements	Prevention Fund Agreements	Office Leases	Total
2008	31	473	280	690	13	1,487
2009	30	399	280	206	13	928
2010	30	266	280	205	7	788
2011	28	177	-	-	-	205
2012	-	67	-	-	-	67
						$ 3,475

11. Administration Expenses

	2007 ($000s)	2006 ($000s)
Salaries and benefits	5,682	6,129
Consulting and professional	712	832
Amortization	665	271
Communications	297	300
Buildings	289	267
Automobile and travel	196	208
Computer systems	191	237
Write-down of property and equipment	174	-
Board expenses	143	208
General administration	132	136
Staffing and recruitment	117	130
Printing and publications	112	178
Supplies and stationery	67	68
Furniture and equipment	23	25
	$ 8,800	$ 8,989

12. Prevention Expenses

	2007 ($000s)	2006 ($000s)
Contribution Agreements - Reserves	$ 272	$ 269
Contribution Agreements - Prevention Fund	935	267
	$ 1,207	$ 536

13. Contingencies

The Fund is required to pay for future costs of claims relating to certain latent occupational diseases which may have occurred in the current year or previously, but which may not be recognized and reported for a number of years due to the extended latency period of such diseases. Because of the absence of reliable evidence and data pertaining to these matters, these liabilities cannot be estimated and are not included in the benefits liability.

14. Subsequent Event

On May 15, 2008, the new *Workers' Compensation Act* received third reading and Assent in the Legislative Assembly. The proposed effective date is July 1, 2008. The new Act includes changes that impact the determination of the benefits liability at December 31, 2007 (note 6).

15. Comparative Figures

Certain prior year's figures have been reclassified to conform to the current year's presentation.

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